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Indonesia-US Comprehensive Partnership

Rizal Sukma Ann Marie Murphy David Merrill

Suzie S. Sudarman

The 2009 Elections

Philips Vermonte Nico Harjanto Sunny Tanuwidjaja

Arief Priyadi

Reform of the TNI

Evan A. Laksmana

Review of Developments

Pratiwi Kartika Hadi Soesastro

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The Logo



To better represent the underlying ideas that gave birth to CSIS in 1971, the Centre uses as of 1989 the logo that figures on the front cover of this journal. The original, in bronze, was designed by Indonesia's renowned sculptor G. Sidharta and comprises a disc with an engraving of the globe, which serves as a backdrop to a youth with an open book on a cloth draped across his lap, his left hand pointing into the book, and his right raised upwards. All these elements combine to project the Centre's nature as an institution, where people think, learn and share their knowledge. Mankind is their concern and the world their horizon. The undressed torso symbolises open-mindedness and the absence of prejudice in the attitude of the scholars who work with the Centre, just as it is with scholars everywhere. The inscription reads "Nalar Ajar Terusan Budi", in the Javanese language, conveys the Centre's belief that "to think and to share knowledge are the natural consequences of an enlightened mind." It is a *surya sengkala* that is *chandra sengkala* - a Javanese traditional way to symbolise a memorable year in the lunar calendar, adapted to the solar calendar system. It uses words that express the perceived meaning of the commemorated year while marking the year at the same time, with each word having a numerical value. Thus, the inscription, in reverse order, represents the year CSIS was established: 1971.

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Indonesia-US Comprehensive Partnership

Indonesia-US Comprehensive Partnership: Contexts,
Agendas, and Challenges

Rizal Sukma

256-264

Indonesia and the US are striving to forge a comprehensive partnership. The comprehensive partnership should be a relationship marked by an agreement to forge and institutionalise cooperation on a set of agreed issues, pursued according to a set of priorities, and carried out on a long-term basis. It is not a relationship based on an ad hoc arrangement which often constitutes a response to a temporary need to cooperate. It is a relationship that covers common areas of concerns across every issue.

Toward a US-Indonesia Comprehensive Partnership: Opportunities and Obstacles

Ann Marie Murphy

265-282

The US and Indonesia have an opportunity to forge a new partnership that will enhance cooperation across a range of issues to address the challenges of the 21st century. The elections of Obama and Yudhyono have created a once-in-a-generation opportunity to forge a comprehensive partnership between the US and Indonesia. The partnership should cover security, economic issues and education. However, some global issues—such as, the US outreach to the Muslim world, climate change, and food security and technical cooperation that may affect the Indonesia-US bilateral relations—should also be included. Some global issues, however, may affect the Indonesia-US bilateral relations. They include the US outreach to the Muslim world, climate change, and food security and technical cooperation.

Strategic RI-US Partnership

David Merrill

283-285

The Indonesian and US governments are moving at a rapid pace in forging a comprehensive partnership. This article argues that the two governments cannot do it alone. It requires the oxygen of public involvement in both countries. Of all the sectors in the partnership, education is the one that most depends on non-government actions. This new partnership offers a perfect opportunity to restore US-Indonesia educational exchanges to the level that better reflects the potential for the exchange of knowledge between the countries. Such exchanges have also proved to strengthen the foundations of the bilateral relationship, making them especially appropriate for a partnership.

Moving US-Indonesia Relations to a Discourse on World

Citizenship *Suzie S. Sudarman*

286-295

There are challenges for the US to effectively lead a new global dialogue on world civilization and opportunities for Indonesia to play a role in engaging the United States to be more willing to embrace greater global difference and put a greater commitment against world poverty and disease. The election of Barack Obama as president and the recent visit of Secretary of State Hillary Clinton has given rise to a surge of support for the US in Indonesia and helped to relieve suspicions of Indonesians over US' motives. There arises a new opportunity for Indonesia to enable its people to affect *the circumstances of their life by speaking up and nudging the US further on a discourse of world citizenship.*

The 2009 Elections

The Tale of Two Incumbents in The 2009 Presidential

Elections *Philips Vermonte*

296-315

The 2009 Indonesian election is an interesting case for election studies due to the fact that the sitting president and vice president are competing against each other on different tickets. President Susilo Bambang Yudhoyono and Vice President Jusuf Kalla are the candidates of the Democratic Party (PD) and the Golkar Party, respectively. Inevitably, the two incumbents have to claim some 'success' stories of the government they led together. The discussion is drawn upon three-wave telephone survey conducted by CSIS in eleven provinces in Indonesia one month before the election took place.

Preliminary Analysis of the Indonesian Voter Behavior in

the 2009 Legislative Election *Nico Harjanto*

315-334

In the 2009 legislative election, the Democrat Party (PD) came out as the winner, with its vote share almost tripled from that in the previous election. Different explanations have been given for PD's victory. Eight other parties, out of the 38 parties contesting in the elections, passed the 2.5 percent threshold to gain seats in the parliament. This article, based on surveys and the election result, provides a preliminary analysis of the Indonesian voter behavior. It suggests that to a certain degree there is continuity of social-based voting as well as discontinuity of blind attachment of voters to their traditional parties.

Party System Institutionalization: The Evidence from the 2009

Election *Sunny Tanuwidjaja*

335-343

Party system institutionalization is one of the most under-scrutinized aspect in the debate about designing democratic institutions in Indonesia. However, the urgency is real and fundamentally important for the sustainability of Indonesia's democratic consolidation. This paper briefly discusses the further de-institutionalization of the party system in Indonesia, based on the evidence of the 2009 elections. Rules are unstable, party competition is highly volatile, party roots are diminishing, party's legitimacy is consistently low, and party organization becomes less important in the election

The 2009 Legislative Election: Lessons Learned	
<i>Arief Priyadi</i>	344-351

The calculation of translating votes into seats in the 2009 Legislative Election has raised some controversies. The case shows that there are at least two lessons Indonesian institutional designers can learn about the electoral institutions. One is the need to have clarity regarding the rules about the electoral process from the beginning to the end. Without such clarity, unintended consequences will become a norm rather than an anomaly. The second one is the clarity regarding the roles of institutions, particularly those related to the legal apparatus, without which there will be potential for contradictory rulings and thus the lessening of democratic legitimacy.

Reform of the TNI

Molding a Strategic and Professional Indonesian Military: Policy Options for the Next Administration	
<i>Evan A. Laksmana</i>	352-363

A decade following the end of Suharto’s military-backed regime, the challenge of repositioning the Indonesian Military (TNI) in a democratic setting while rebuilding a strategic and professional military able to tackle the changing, and increasingly complex, security environment remains. Two basic variables must be addressed in this respect: the military and education system, and the strength of the civilian defense community. The next administration undertake the following. First, the President himself should personally support and play a decisive role in reforming and re-integrating the military education and training system while revamping TNI’s operational missions. Second, the President should support the creation and strengthening of a civilian defense community to assist defense policymaking and facilitate further communication between the military leadership, the administration, and the general public.

Review of Developments

Indonesian Economy Withstands the Global Crisis	
<i>Pratiwi Kartika</i>	364-374
APEC in 2010 and Beyond: An Agenda for East Asia	
<i>Hadi Soesastro</i>	375-384

INDONESIA-US COMPREHENSIVE PARTNERSHIP: CONTEXTS, AGENDAS, AND CHALLENGES

Rizal Sukma

INTRODUCTION

The visit by Indonesia's President Susilo Bambang Yudhoyono (SBY) to the United States (US) in late 2008, soon after Barack Obama was announced as the President-elect, turned to be a beginning of a defining moment for Indonesia-US relations. In his speech delivered to the United States-Indonesia Society (USINDO) on 14 November 2008, President Yudhoyono maintained that Indonesia and the US "must begin to think hard about our 21st century partnership." For that, he suggested the possibility for a US-Indonesia strategic partnership that should be "driven by the need to address global issues, as much as by the imperative to develop bilateral relations," based on "equal partnership and common interests" and "for the long-term."¹

The prospect for the realisation of the idea became real when Secretary of State Hillary Clinton, during her speech at the Asia Society in New York, declared that the US is committed to "working with Indonesia to pursue such a partnership with a concrete agenda." She stated that "the very fertile ground for cooperation ... exists in Indonesia" and both countries "now have an opportunity for stronger partnership on education, energy, and food security."² Her remarks clearly

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¹ Susilo Bambang Yudhoyono, "Indonesia and America: A 21st Century Partnership," Speech at USINDO Luncheon, Washington, D.C., 14 November 2008.

² Hillary Rodham Clinton, Remarks at the Asia Society, New York, 13 February 2009.

demonstrate the US willingness to accept the suggestion from Indonesia to build a more comprehensive framework for cooperation. For Indonesia, a comprehensive partnership with the US would complete the country's recent efforts to boost its relationship with all global and regional major powers. A series of strategic partnership have been concluded previously with China, Australia, India, South Korea, and Japan.

This article examines the context within which such a comprehensive partnership with the US became possible, the basis and the agenda for the re-shaping of Indonesia-US relations, and the challenges facing both Indonesia and the US in implementing the agreement. It argues that the partnership should be carefully crafted so that it would become not only a partnership between two governments but also between the people of the two countries. To ensure the sustainability of the relationship, as emphasized by President Yudhoyono, the partnership should also have "a strong people to people content" and "bring about mutual and real benefit for our people."³

THE CONTEXT FOR A NEW INDONESIA-US PARTNERSHIP

The election of Barrack Obama as the 44th American president opened up the possibility for a real change in US foreign policy. While Indonesia-US relations had also steadily improved under the Bush administration—despite some disagreements over Afghanistan, Iraq, and the way the war on terror has been pursued—the Obama presidency is expected to ensure further, more substantial improvement in bilateral relations. For one, it is a rare occasion that Indonesia—which has been described as "invisible" in the past⁴—has entered the American radar screen in a much more visible and substantial way. In this regard, there are three significant contexts that might have contributed to the US positive response to Indonesia's suggestion for a comprehensive partnership between the two countries.

The first context is the re-ordering of American foreign policy priorities under the Obama presidency. President Obama realises that the

³ Yudhoyono, "Indonesia and America."

⁴ See, for example, Donald K. Emmerson, "Invisible Indonesia," *Foreign Affairs* 66 (winter 1987/1988).

US needs to restore its global image and credibility within the international community. In the post-9/11 world, Bush administration policies in combating terrorism—especially the retaliation against Afghanistan and the invasion of Iraq—have tarnished the US image abroad. Instead of winning the support for its “war on terror,” the US approach and strategy—which emphasized its military might in combative mood—has largely created resentment worldwide, especially in the Muslim world. The US relations with the Muslim world deteriorated and the US-led war has been accordingly seen as a war against Islam itself.

The Obama administration has begun to reverse that policies and approach. President Obama’s initiative to restore the relationship with the Muslim world serves as an important context for the positive response to Indonesia’s suggestion for a comprehensive partnership between the two countries. As pointed out by Secretary Clinton, “building a comprehensive partnership with Indonesia is a critical step on behalf of the United States’ commitment to smart power, to listening as well as talking with those around the world, to supporting a country that has demonstrated so clearly... that Islam, democracy, and modernity not only can co-exist, but thrive together.”⁵ In this context, the partnership with Indonesia—the largest Muslim nation on earth—can be seen as part and parcel of the US’ efforts to restore and redefine its relationship with the wider Muslim world.⁶

The second context is the renewed commitment and interest of the US to play a more active role in the Asia-Pacific, especially in East Asia. The preoccupation of the Bush administration with war on terror has created the perceptions in East Asia that the US has neglected the region. Indeed, beyond the nuclear problem in the Korean Peninsula and the relationship with China, the Bush administration showed little interest in engaging the region. The fact that Bush’s Secretary of State Condoleezza Rice missed the annual gathering of the ASEAN Regional Forum (ARF) reinforced that feeling. President Barack Obama, aware of the growing importance of East Asia, moved quickly to reaffirm the

⁵ Secretary Hillary Clinton’s remarks at a press conference with Indonesia’s Minister of Foreign Affairs Hassan Wirayuda during her visit to Indonesia, 18 February 2009.

⁶ Robin Bush, “A New Day for U.S.-Indonesia Relations,” *In Asia*, the Asia Foundation, San Francisco, at <http://asiafoundation.org/in-asia/2009/02/25/a-new-dau-for-us-indonesia-relations/>

US' role in the region. In this context, the US has begun to acknowledge the significance of Southeast Asia, in which Indonesia constitutes the largest country in the region.

East Asia is also important for the US in its efforts to search for regional partners in addressing global problems. The problems of climate change, energy security, trans-national crimes, and food security have all received greater attention in US foreign policy. So does the promotion of democracy and human rights. In this context, a partnership with Indonesia would enhance the efforts to find both regional and global solution to those problems. Indonesia, for example, has begun to include the importance of democracy and human rights in the agenda of regional cooperation in Southeast Asia. Indonesia has also taken a positive role in addressing the problem of climate change and food security. Indeed, Indonesia could serve as a potential regional partner for the US in addressing these issues.

The third context is President Obama's personal ties to Indonesia. If not Obama, it would be difficult to expect that an American president would know about Indonesia and has a personal interest in the country. The fact that President Obama spent his childhood years in Jakarta has generated a reservoir of goodwill and enthusiasm among the Indonesian elite and the general public that the US under Obama would serve as a trustworthy partner for Indonesia. However, this Obama factor should not be exaggerated. As Jusuf Wanandi has cautioned, "we believe that Indonesia has a special place in his heart, but as a US president he has to face many crises and emergencies; first and foremost in the US, but also in other parts of the world."⁷ In other words, the Obama factor would only serve as the complementary factor for the comprehensive partnership between the US and Indonesia.

On the Indonesian side, the impending changes in US politics and foreign policy in the wake of Obama's election victory created high expectation for an improved bilateral relationship between the two countries. The US elections generated unprecedented enthusiasm among the Indonesian elite and general public. The greater opportunity for improved bilateral relations with the US was also made possible by do-

⁷ Jusuf Wanandi, "President Obama and Indonesia-United States Relations," *The Jakarta Post*, 21 January 2009.

mestic changes in Indonesia since 1998. While the immediate years after Indonesia began to undertake the democratisation process proved even to be a more difficult period for managing US-Indonesia relations that were later severely constrained by Bush policies, bilateral ties began to improve since 2005. The US' swift response to help Indonesia in the wake of the tsunami disaster in Aceh contributed to a better perception among Indonesians of the US. More importantly, a better and deeper relationship between the two countries has become possible as Indonesia's democracy began to consolidate after the 2004 elections.

RE-SHAPING INDONESIA-US RELATIONSHIP: THE BASIS, AGENDA, AND DOMESTIC SUPPORT

How did the drive toward forging a comprehensive partnership come about? What serves as the basis for such relationship between Indonesia and the US? It is interesting to note the Indonesian side has in more than one occasion maintained that the partnership should be based on shared universal values—democracy, human rights and tolerance—between the two countries. In his proposal for a partnership with the US, President Yudhoyono emphasised the fact that both countries are democracies.⁸ Foreign Minister Wirayuda also reiterated the fact that Indonesia and the US are both pluralistic and tolerant society and share the fundamental values of democracy and human rights as the reasons for developing stronger bilateral relations with the United States.⁹ Similar sentiments have also been expressed by other high-rank Indonesian officials.¹⁰ For the US, such emphasis on the common values as the basis for a comprehensive partnership could not be more welcome. Indeed, any relationship based on shared values would stand a better chance to be more resilient compared to a relationship based merely on mutual and common interests.

What does Indonesia mean when it employs the term "comprehensive partnership"? Ambassador Retno Marsudi, the Director General for European and American Affairs at Indonesia's Foreign Mi-

⁸ Yudhoyono, "Indonesia and America."

⁹ Hassan Wirayuda, remarks at a press conference with Secretary Clinton, Washington, D.C., 8 June 2009.

¹⁰ See, for example, Retno L.P. Marsudi, Opening Speech at Roundtable Discussion on Indonesia-The US Relations: Strengthening the Partnership, Washington, DC., 15 April 2009.

nistry, maintained that a comprehensive partnership constitutes an effort “to frame the structure of the relation, agree on the priorities and how to achieve the target” so that “the relation[ship] becomes more predictable and measurable.” She also argued that an agreement on partnership would make it easier for both countries to nurture the relationship.¹¹ In other words, the comprehensive partnership denotes a relationship marked by an agreement to forge and institutionalise cooperation on a set of agreed issues, pursued according to a set of priorities, and carried out on a long-term basis. It is not a relationship based on an *ad hoc* arrangement which often constitutes a response to a temporary need to cooperate. It is a relationship that covers common areas of concerns across every issue.

So far the details of the content and substance of the Comprehensive Partnership Agreement (CPA) are still being discussed by the governments of the two countries. Ambassador Marsudi indicated that the CPA, expected to be signed by the president of both countries before the end of the year, would be broad in nature and provide an outline of priorities. It covers three broad areas of cooperation in political/security, economic and development, and social-cultural areas. The more concrete areas of cooperation and priorities, and the questions of how they would be implemented and within what time-frame, would be elaborated further in a “Plan of Action”. However, Ambassador Marsudi did indicate that cooperation on issues such climate change, energy and food security, and combating non-traditional threats would be given top priorities.¹² Secretary Clinton herself also indicated the importance of cooperation on health, the promotion of educational exchanges between the two countries, and US assistance to improve the education sector in Indonesia.¹³

The timing for moving Indonesia-US relations to a higher plane is impeccable. There is a reservoir of goodwill on both sides. The context for the US positive response has been discussed earlier. On the Indonesian side, the hope for a more benign US—after more than 8 years of belligerent America under President Bush—is widespread. Indone-

¹¹ Ibid.

¹² Ibid.

¹³ Secretary Hillary Clinton’s remarks at a press conference with Indonesia’s Minister of Foreign Affairs Hassan Wirayuda, Washington DC, 8 June 2009.

sians generally believe that the Obama administration would be able and willing to change American international posture for the better. Trust and positive attitude toward the US have improved significantly in Indonesia both among the elite and the public. For example, President Obama's recent initiatives to restore the US relationship with the Muslim world, and his commitment to seek a solution to the Palestinian-Israeli conflict, have been applauded by important segments of the Indonesian society, and that would serve as a significant political capital for Indonesia to enter into a comprehensive partnership with the US. In other words, there is significant domestic support in Indonesia for such partnership. However, room for improvement is there so that both governments could really invoke a stronger sense of ownership within their respective domestic constituencies.

CHALLENGES TO THE INDONESIA-US COMPREHENSIVE PARTNERSHIP

Challenges to both the Indonesian and US governments, however, are abundantly arising. The first is how to strike a balance between the need for comprehensiveness and the importance of being specific and concrete. There is always a danger that the framework for cooperation would be too comprehensive that both countries face tremendous difficulty in implementing the agreement with a clear benchmark for progress. Of course, it is important for Indonesia and the US to have a broad agreement in order to allow space for improvement and expansion. However, the agreement should also contain specific and concrete programmes and clear priorities, so that it could be realistically achieved without losing the long-term vision for a durable relationship.

The second challenge is how to set the priorities right. The comprehensive nature of the CPA that both Indonesia and the US want to achieve is indeed logical. However, it is also within such comprehensiveness that both countries might find it difficult to set the priorities they need to work on within specified time-frame. The difficulty might stem from the fact that Indonesia is a country with multiple urgent needs. For Indonesia, it would be difficult to choose which area of cooperation really addresses the immediate needs and interests of the country. As cooperation between two countries usually involve the management of interests of both sides, it is likely that they would

put different priorities to different issues. Managing such differences would really become the first test for Indonesia-US partnership.

The third challenge is in the problem of implementation. There have been many cases in inter-state relations that a bilateral agreement, especially a broad one, is often faced with the problem of implementation. The Indonesia-US Comprehensive Partnership would not be immune from this challenge. In this case, it is imperative for both sides to maintain the momentum. Frequent consultation and coordination need to be carried out, and the presence of "champions" from within both countries' bureaucracy and elements of civil society that could facilitate the implementation is imperative. Without such "champions" within Indonesia or the US, the CPA would soon lose momentum, and that would in turn delay the implementation process.

The fourth is the need to cultivate a broad base domestic support, both in Indonesia and the US, and beyond the government. The CPA would not live up to its promise for a long-term relationship between Indonesia and the US if the Agreement is not supported by political elites and the wider public. It is quite often the case that two governments strike an agreement only to find it being opposed by their respective domestic constituencies. The Indonesia-Singapore agreement on defense cooperation (DCA), for example, is a case in point. Due to domestic opposition in Indonesia, the DCA gets bogged down even after the two governments signed the agreement. The CPA should be supported by the domestic constituent if it wants to avoid the same fate. The opportunity to promote the CPA is too important to be missed, and that would require greater involvement of the public in both the formulation and implementation process.

The fifth challenge is the imperative of managing high expectation on the part of Indonesia on the Obama administration and *vice versa*. Van Zorge, for example, warned that "the Obama White House will have little, if any time, to focus on issues related to Indonesia" and "Washington is, and has always been, relatively ignorant about Indonesian affairs."¹⁴ Indonesia should not expect a sudden and dramatic change in certain issue-areas, such as US policies towards the Middle

¹⁴ James Van Zorge, "Building Real US-Indonesia Ties Will Require Greater Study From Both Sides," *The Jakarta Globe*, 1 June 2009.

East and Israeli-Palestinian problem. Indonesia should not also expect an immediate improvement in military-to-military relations between the two countries. On the American side, it is also too high of an expectation that Indonesia can play a major role in Middle Eastern affairs, especially in bridging the gap between the conflict-ridden regions with the West. Indonesia's ability to play such a role should not be exaggerated.

Finally, there is also a challenge of sustaining the interest and enthusiasm beyond the Obama presidency. Ideally, Indonesia-US comprehensive partnership should survive the Obama factor. For that, it is extremely important for both countries to lay a strong foundation for a sustainable and enduring partnership. Indeed, such a requirement will be very much shaped and determined by how Indonesia and the US would carry the relationship forward in the next four years, or perhaps even eight years. Within that period, it is important for both Indonesia and the US to iron out whatever differences they might have, promote greater understanding of each other, and expand the relationship to include people to people relationship. Differences, however, should not obstruct the value of close and strong bilateral relationship between the two countries. In the end, as President Yudhoyono has stated, "there is always room for both sides to agree to disagree."

TOWARD A US-INDONESIA COMPREHENSIVE PARTNERSHIP: OPPORTUNITIES AND OBSTACLES

Ann Marie Murphy

INTRODUCTION

The election of President Barack Hussein Obama in the United States (US) and the re-election of President Susilo Bambang Yudhoyono in Indonesia have created an opportunity to enhance the US-Indonesia relationship. In recent years, US-Indonesia relations have improved dramatically. Today, the two sides are negotiating a comprehensive partnership that aims to strengthen not only the bilateral relationship, but also cooperation across a range of global issues. Both countries hope to unveil details of the partnership during President Obama's widely anticipated November 2009 visit to Jakarta.

Since Yudhoyono's November 2008 proposal for the partnership, there has been much lofty rhetoric about the opportunities for a new beginning between the US and Indonesia. The US sent a strong signal of its desire to fortify relations when Hillary Clinton made Indonesia the second country she visited as secretary of state. In Jakarta, Clinton lavished praise on Indonesia's domestic transformation for illustrating that "Islam, democracy and modernity cannot only coexist but thrive together."¹ Indonesians have cheered the consultative diplomatic style of the Obama administration and warmly welcomed policy initia-

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¹ Arshad Mohammad and Ed Davies, "Indonesia Shows Islam, Democracy Coexist: Clinton," *Reuters*, 18 February 2009.

tives such as the signing of ASEAN's Treaty of Amity and Cooperation (TAC).

In the current honeymoon phase between the Obama and Yudhoyono administrations, little has been written about the obstacles to forging a US-Indonesia partnership. Yet as Obama argued in his Cairo speech in which he called for a new beginning between the US and Muslims around the world, "in order to move forward, we must say openly the things we hold within our hearts, and that too often are said only behind closed doors."²

In this spirit of attempting to move the partnership forward, this article will discuss the opportunities *and* obstacles facing the two sides as they attempt to negotiate a comprehensive partnership. The opportunities for a partnership are real but so are the obstacles. For the opportunities to be realized, the obstacles must be overcome.

This article will proceed as follows. First, it discusses how Indonesians and Americans viewed the recent presidential elections in the other side, and argues that the elections of Obama and Yudhoyono were critical for the comprehensive partnership. Second, the article reviews key bilateral and global issues that have been proposed for inclusion in the comprehensive partnership, and the opportunities and obstacles for strengthening cooperation on them. Third, the paper discusses the divergent negotiating approaches favoured by the two sides, and argues that they may impede progress. The conclusion argues that despite the numerous obstacles, the current negotiations offer a once in generation opportunity to move the US-Indonesian relationship to a new level and should be seized.

THE ELECTIONS OF OBAMA AND YUDHOYONO: PRODUCING PARTNERS FOR PROGRESS

US-Indonesian relations are the best they have been in a long time. After years of tensions between the two countries over East Timor, suspensions of military-military relations, differences over the IMF package and the US war on terror, US-Indonesian relations today are marked by greater cooperation than conflict. The elections of Obama

² Text of President Obama's Speech in Cairo: A New Beginning," 4 June 2009, available at www.voanews.com/english/archive/2009-06/2009-06-04-voa.7.cfm.

and Yudhoyono therefore occurred at a propitious time since the current state of the relationship provides a firm foundation for partnership.

Despite this foundation, it is difficult to imagine that negotiations for a comprehensive partnership would be proceeding so quickly had Obama and Yudhoyono not emerged victorious in their recent elections. Their elections have created a new momentum in the relationships because of the images the two presidents project to the outside world regarding what their country stands for, and the direction to which it is heading. In Obama's America and Yudhoyono's Indonesia, each side sees in the other the promise of the partner they always wanted.

Obama fever has swept Indonesia. This is not only because Obama lived in Indonesia as child, but also because of what his election signals about the US. An America willing to elect a man of mixed race heritage, whose father was a Muslim immigrant from Africa and who had an Indonesian stepfather is a country tolerant of diversity and one that lives up to the ideals of equal opportunity it espouses abroad. It is a country that Indonesians can identify with. This marks a dramatic change from the Bush era, when two-thirds of Indonesians held negative views of the US. As Donald Emmerson has observed, Obama's "meteoric rise in local esteem reflects in part just how low America's image had sunk under his predecessor."³

Similarly, it is no secret that the US officials were unofficially rooting for the re-election of Yudhoyono. The English speaking president was widely viewed by Americans as Indonesia's great democratic hope. This is not simply because he attended military training courses and earned a Masters degree in the US, experience that gives him a closer association with the US than any other Indonesian president. More importantly, during his first term Yudhoyono took steps long sought by the US: launching an anti-corruption campaign; streamlining foreign investment regulations; resolving the Aceh conflict and co-operating closely in counter-terrorism.

³ Donald Emmerson, "Indonesia's Obama, Washington's Indonesia," *The Asia Times*, 25 March 2009.

To Americans, the choice facing Indonesian voters in the July 2009 presidential election appeared stark. The three presidential candidates all rose to prominence during the Suharto era, but their choice of vice presidential candidates and campaign strategies seemed to illustrate that only Yudhoyono offered a clean break with the past. His opponents, Jusuf Kalla and Megawati Sukarnoputri, both ran campaigns that sought to exploit the country's social divisions and selected former generals with histories of human rights abuses who, if elected, would not have been welcomed in the US.

Megawati and her running mate, Prabowo Subianto, attempted to exploit Indonesia's class differences by campaigning on a populist platform. Social inequality is a real problem in Indonesia, but the campaign offered few substantive ideas to redress it. To many outsiders, the idea that Megawati, who grew up in Indonesia's presidential palace, and Prabowo, Suharto's former son-in-law, truly represented the interests of Indonesia's underclass is difficult to believe. Kalla and Wiranto played the Islamic card. They targeted Muslim voters with posters of their wives wearing the Islamic headscarf.

In contrast, Yudhoyono's choice of Boediono, the highly respected central bank governor, was viewed favourably. This is partly because Boediono is more sympathetic to market economics than many Indonesians. More importantly, in contrast to the politically expedient choices of Megawati and Kalla, Yudhoyono's selection of a technocrat with no political base was viewed as a principled one. Therefore, just as many Indonesians were rooting for Obama because he promised "change" while McCain campaigned to continue Bush administration policies such as the war in Iraq, many Americans were rooting for Yudhoyono because he vowed to continue *reformasi*. It is difficult to imagine that proposals for a comprehensive partnership would have gone very far had McCain, Megawati or Kalla been elected.

There is no doubt that some of the mutual admiration between the Obama and Yudhoyono administrations is a function of both sides viewing the other through rose-coloured glasses: each side sees only what they want to see. This is potentially dangerous because it creates high expectations, setting the stage for acrimony when one side fails to live up to the unrealistic expectations of the other. The elections of Obama and Yudhoyono have provided both countries with leaders

who can take the relationship to a new level and have created an atmosphere conducive to negotiations. But it is policies that will make or break the partnership.

POLICIES FOR PARTNERSHIP

The Obama administration has moved quickly to distinguish itself from its predecessor through its diplomatic style and policies. It has moved to replace the unilateralism and megaphone diplomacy of the Bush administration with a commitment to multilateralism and a more consultative style. Most importantly, the Obama administration has called for emerging powers to play a larger role in global governance. In a recent speech, Clinton included Indonesia among the "emerging global powers" the US would encourage "to be full partners in tackling the global agenda."⁴

Indonesia welcomes these changes. Foreign Minister Hassan Wirayuda said Indonesia was "exhilarated by this new paradigm."⁵ The new US emphasis on shared governance, consultation and "smart power" is consistent with Indonesian's longstanding commitment to multilateralism, consensus-building, and soft power. The US support for incorporating emerging powers into global governance structures comes at a time when Indonesia has been making a concerted effort to raise its voice in international affairs to reflect its status as the world's fourth most populous state, third largest democracy, home to the world's largest community of Muslims and traditional leader of ASEAN.

The Obama administration's has also initiated a series of policies that should remove longstanding impediments to the US-Indonesian relationship. Indonesians universally condemned the Iraq war. Obama campaigned to end it and has committed to a withdrawal date for combat troops. On the Palestinian-Israeli conflict, the prism through which many Indonesians judge American goodwill, the Obama administration's call for a halt in Israeli settlements was a welcome change from what Indonesian's viewed as the Bush administration's knee-jerk

⁴ Council on Foreign Relations Address by Secretary of State Hillary Clinton, 15 July 2009, available at <http://www.cfr.org/publication/19840/> accessed 10 August, 2009.

⁵ Foreign Minister Hassan Wirayuda, "The US-Indonesian Comprehensive Partnership" Speech to the Carnegie Council for International Peace, Washington, DC, 8 June 2009.

support for Israel. Obama has made the forging of new relationship with the Muslim world a priority of his administration with eloquent speeches in Istanbul and Cairo. All of these policies create an atmosphere amenable to a comprehensive partnership, but they were all adopted on the basis of broad US strategic interests, not a concern with Indonesia.

Inspection of the proposals for the comprehensive partnership reveals that they have been based on shared domestic attributes and an assumption that these can produce policy coordination. In the November 2008 speech in which he proposed the partnership, Yudhoyono defined the shared interests of the two countries as follows: the US and Indonesia are the world's second and third largest democracies; the US is the only superpower and the world's largest economy while Indonesia is the largest country and economy in Southeast Asia; the US was trying to reach out to the Muslim world and Indonesia is home to the world's largest community of Muslims; the US was the world's largest emitter of greenhouse gas emissions (GHG) and Indonesia has one of the largest tropical forests, critical to reversing global warming.⁶

Clinton exhibited a similar tendency during her trip to Jakarta, where she repeatedly emphasized that Indonesia's status as a modern, Muslim democracy provided a model for other countries. She also proposed that Indonesia could serve as a bridge between the US and the broader Muslim world. On both sides, the tendency has been to focus on broad areas of congruent interests, rather than on the specific policies that arise from these interests. In foreign policy, however, the devil is in the details. Translating a common commitment to democracy into specific policy proposals is difficult. In fact, democracy opens up the foreign policy-making process to legislative actors, interest groups and public opinion that often hinders efforts by the executive branches in both countries to cooperate.

⁶ President Susilo Bambang Yudhoyono, "Indonesia and America: A 21st Century Partnership" Speech at USINDO, 14 November 2008. http://www.usindo.org/publications/Speeches/Speech_by_SBY_at_USINDO.pdf

THE BILATERAL RELATIONSHIP

Security Issues

In his November 2008 speech, President Yudhoyono called for a "strategic partnership" with the US, but Indonesian officials have backed away from this term in favour of "comprehensive partnership" to avoid the perception that the goal is the creation of a military alliance. Indonesians are staunchly nationalist, guard their sovereignty jealously and are firmly committed to the country's *bebas dan aktif* or free and active foreign policy doctrine. Indonesia would never permit foreign military bases on Indonesian soil. During the tsunami relief operation, sovereignty concerns forced US navy ships to dock in international waters, not Indonesian ones. From the American perspective, such sentiments can be an obstacle to security cooperation.

This is particularly true with regard to maritime security. Ensuring freedom of navigation through Southeast Asia's critical sea lanes of communication is a key strategic interest of the US.⁷ A few years ago, Indonesian waterways ranked among the world's most pirated. Al Qaeda's 2000 bombing of the USS Cole and attack on the Limburg oil tanker off the coast of Yemen in 2002 led American officials to argue that the threat of seaborne terrorism is serious, "especially in the vital Malacca Strait shipping lane."⁸

Testifying before Congress in March 2004, Admiral Thomas Fargo, Commander of the US Pacific Command, discussed proposals for a Regional Maritime Security Initiative (RMSI) to address these threats. According to erroneous news reports, RMSI would include the deployment of US forces on high-speed boats to interdict threats. The proposal triggered storms of protest from Indonesia, which rejected any military role for external powers.⁹ Indonesian foreign ministry officials stated that RMSI was "not in Jakarta's interests" and Admiral Sondakh, Chief of Staff of the Indonesian Navy, stressed that "Malacca Strait is not an

⁷ Bronson Percival, *Indonesia and the United States: Shared Interests in Maritime Security* (Washington, DC: The United States-Indonesia Society, 2005).

⁸ Lena Kay, "Indonesian Public Perceptions of the US. and Their Implications for US. Foreign Policy," *Issues & Insights*, Pacific Forum, CSIS, Summer 2005, 4.

⁹ Tim Huxley, "Piracy and Maritime Terror in Southeast Asia. Dire Straits," *IISS Strategic Comments* 10, no. 6 (July 2004), <<http://community.middlebury.edu/~scs/docs/Piracy%20and%20Maritime%20Terror%20in%20Southeast%20Asia,%20IISS.pdf>>, accessed 27 July 2007.

international strait" and anti-terrorism operations in Indonesia's territorial waters were challenges to its sovereignty.¹⁰

Since then, Indonesia has taken steps to combat piracy and terrorism on land and at sea. Its domestic consolidation, strong police work and resolution of the Aceh conflict have tackled the roots of piracy on land. At sea, Indonesia, Malaysia and Singapore formed the Malacca Straits Coordinated Patrol (MALSINDO) to undertake joint patrols. The US shared intelligence with MALSINDO, helped build radar stations along the coast to monitor pirates and provided other tools to enhance capacity.¹¹ Piracy has declined dramatically, from 257 incidents in 2000 to 78 in 2008.¹² To date, the decline in piracy and decreasing number of terrorist attacks means Indonesia's reluctance to countenance a direct role for external powers in maritime security issues has not created major conflict between the two countries. If some events were to obstruct passage through Southeast Asia's sea lanes of communication, it is difficult to imagine the world's largest naval power standing by. Contingency plans for such a scenario should be discussed.

The close bilateral military ties forged on anti-communist ideology are gone. The US progressively restricted military ties during the 1990s and banned them altogether in response to the atrocities committed following East Timor's 1999 vote for independence. The US lifted most restrictions in 2005. As a result of the restrictions on sales of military equipment, Indonesian defence officials now view the US as an unreliable supplier of military equipment.

The legacy of East Timor is a major obstacle to more robust security ties. Indonesian officials are frustrated by the tendency of many Americans to view Indonesia through the lens of East Timor. American officials are frustrated by Indonesia's refusal to hold high level military officers accountable for the violence committed there. Indonesia

¹⁰ Admiral Bernard Kent Sondakh, "National Sovereignty and Security in the Strait of Malacca", presented at a conference at the Maritime Institute of Malaysia, 11-14 October 2004, 3, emphasis in the original, available at <<http://www.mima.gov.my/mima/htmls/conferences/som04/papers/sondakh.pdf>>, accessed 27 July 2007

¹¹ Robert Gates, US Secretary of Defense, "On US-Indonesian Bilateral Cooperation, Speech at the World Affairs Council, Jakarta, Indonesia, *Jakarta Post*, 28 February 2008.

¹² The 2009 US-Indonesia Comprehensive Partnership: Engaging the Non-Government Sector, The United-States Indonesia Society, 5 June 2009, 26. Available at <http://www.usindo.org/publications/reports/USINDO%20Bilateral%20Conference%20Report%20Final.pdf>

responds to continued calls for the prosecution of top military officials by pointing to the joint Commission on Truth and Friendship created by Indonesia and East Timor. President Yudhoyono accepted the commission's three hundred page report that blamed the violence on institutional failures on the part of the Indonesian military and expressed Indonesian regret over the issue. East Timorese President Jose Ramos-Horta has stated that East Timor is satisfied with the commission's work and opposes calls for a UN tribunal. If East Timor is satisfied, Indonesia argues, the US should be too.

To Indonesians, the refusal of the US to lift restrictions on military aid and training to *Kopassus* (*Komando Pasukan Khusus*), the army's special forces, illustrates that Washington does not appreciate its extensive military reform efforts. As Juwono Sudarsono, the respected civilian Defense Minister has argued, the new Indonesia is not Suharto's Indonesia, and today's Indonesian army is not Suharto's army. Indonesian officials argue that the US should not hold the potential for a more robust military partnership hostage to legacies of the past. If the US really wants to assist Indonesia in its military reform efforts, many Indonesians argue, it should engage *Kopassus* and a new generation of military officers, not punish them for abuses committed by their predecessors.

Counterterrorism cooperation has improved dramatically since the October 2002 Bali bombings. Indonesia has arrested more than 400 Jemaah Islamiyah (JI) terrorists and more than 250 militants have been prosecuted and convicted. JI's system of cells has been damaged. Indonesia has achieved these results through effective intelligence and police work, primarily through the work of Detachment 88 (*Densus 88*), a small, elite police unit that receives significant training, funding, and equipment from the US. Indonesia has adopted a "soft" policy of winning hearts and minds, largely avoiding the use of torture and harsh techniques that Indonesian officials argue only provide fuel for terrorist recruitment.

The July 2009 terrorist attacks on the Jakarta Marriott and Ritz-Carlton hotels illustrate that terrorism remains a real threat. In the wake of the bombings, Indonesia has come under renewed pressure to outlaw JI, something it has been reluctant to do since the group's name means "Islamic community." The US and Indonesia are both

struggling to balance the imperatives of security and freedom in their counter-terrorism policies. Indonesia's "soft" policy has had some success convincing JI leaders to eschew violence and has been critical to intelligence gathering. The hotel bombings were perpetuated by a splinter group. Combating small, independent groups of dedicated extremists is one of the most intractable counter-terrorism challenges for any country. Many Americans, however, find it unfathomable that JI's spiritual leader Abu Bakar Baashyir not only remains a free man, but also has the freedom to give the two terrorists killed in a police raid after the hotel bombings a "hero's funeral."¹³ If Baashyir and his cohorts continue to be free to preach radical ideology and are implicated in future terrorist attacks that cause loss of American life, conflict over counter-terrorism will arise again.

Economic Issues

Economics should be an area ripe for cooperation given the complementarity between the two economies. Two-way trade totalled over \$21 billion in 2008, making Indonesia the 37th largest trading partner of the US. The US was traditionally a major source of investment, particularly in the mining and natural resource sector. Indonesia is a bright spot amid the global economic recession. Its economy is set to grow 4% and its stock market has soared over 60% in 2009.

In practice, there are numerous obstacles to expanding bilateral trade and investment. Many Indonesians view free market capitalism with suspicion. Yudhoyono's opponents sought to exploit such sentiments during the campaign by alleging that he was a "neo-liberal", a toxic epithet in Indonesia where the neoliberalism is associated with the IMF, whose policies many Indonesians believe deepened and prolonged the countries' economic crisis a decade ago. Yudhoyono's selection of Boediono indicates that he seeks to maintain an open economy.

Nevertheless, regulations that restrict foreign investment in certain sectors discourage US investment, as do bureaucratic hurdles and an uncertain legal and regulatory environment. The process of securing central government approval for investment has been streamlined by

¹³ "Anger as Indonesian Extremists 'Honored'," *The Jakarta Globe*, 14 August 2009.

the highly respected Coordinating Minister Sri Mulyani. Decentralization means local approval must also be secured. Indonesia's endemic corruption makes it a high cost economy. Yudhoyono has launched a high profile anti corruption that has made some impact. According to Transparency International, Indonesia improved 17 places in its 2008 corruption index, but its ranking of 126 illustrates that corruption remains a significant problem.¹⁴ The US laws that prohibit the payment of bribes can put American companies at a competitive disadvantage. Despite the reforms undertaken by the Yudhoyono administration, American businessmen claim that doing business in Indonesia is harder than it should be.

Like officials in other developing countries, Indonesians are frustrated that an economic crisis manufactured in the US has reduced their growth prospects. Indonesian officials are more circumspect than Brazilian President Lula, who blamed the global crisis on the "white and blue-eyed." But Indonesians are quick to point out that when it suffered a financial crisis brought on by lax government regulation of a banking system that funnelled ill-advised loans to the corporate and real estate sectors—the same factors that caused the current United States recession—the IMF demanded Indonesia close banks and balance its budget. Indonesia then was prohibited from adopting the stimulus and financial liquidity policies the United States has implemented today. Calls by US officials for "understanding and patience" as it grapples with the crisis are not well-received by Indonesians who recall that they received little of either during the Asian financial crisis. If Indonesia has been harder hit by the global recession, such sentiments would likely be more pronounced, creating a stronger barrier to cooperation.

Indonesia is weathering the global downturn well, but has nevertheless lined up \$6 billion in contingent financing from multilateral development banks and bilateral donors to ensure it need never go to the IMF again. Indonesian officials point to the contributions made by Japan and Australia and ask where the US commitment is. To Americans, this tendency to measure the health of the relationship by the size of

¹⁴ 2008 Corruption Perceptions Index, *Transparency International* available at http://www.transparency.org/news_room/in_focus/2008/cpi2008/cpi_2008_table, accessed 3 August 2009.

a financial contribution reflects outdated "donor-recipient" attitudes, not those of the equal partnership Indonesian officials claim to want.

Education

Educational exchange is an issue that begs for expansion. A key lesson that can be drawn from Indonesians' enthusiasm for Obama is the importance of people to people contact. Obama has attracted so much interest for the time he spent in Indonesia, precisely because so few Americans have firsthand knowledge of the country. A recent report by USINDO states that only 130 Americans currently study in Indonesia. Approximately 7,700 Indonesians study in the US, down from a high of 13,000 in 1997 before the financial crisis. This is a deplorable state of affairs that provides significant scope to increase bilateral education and exchanges. The comprehensive partnership rightly makes the expansion of educational and other exchanges a key priority.

GLOBAL ISSUES

Outreach to the Muslim World

President Obama has made opening a new era in US relations with the Muslim world a key goal of his administration. Since Islam has more adherents in Indonesia than in all the Arab states combined, improving US-Indonesia relations is part of this broader effort. Clinton expressed a hope that Indonesia could help the Obama administration by serving as a bridge to the Muslim world. Indonesia shares this goal, and has been attempting to transform the Organization of the Islamic Conference (OIC), long dominated by Arab states and their conflicts. Indonesians believe that their experience with economic development, political reform, and terrorism give it the authority to speak to the challenges facing the Muslim world. At the 2008 OIC Summit, Yudhoyono argued that it was incumbent upon Muslim majority countries to put Islamic values into practice by striving for "good governance" and attending to the democratic deficit.¹⁵ To create a bridge to the West, Indonesia has pushed the OIC to include representatives of "Muslim communities" from states with Muslims minorities.

¹⁵ Riyardi Suparno, "Lead by Example, SBY Tells Summit," *The Jakarta Post*, 15 March 2008.

US interests are clearly served when the leader of the world's largest Muslim majority country promotes good governance among his Islamic brethren. Indonesia, however, has never played a large role in the broader Islamic world, and many Arabs view Indonesians as second class Muslims. Whether Indonesia can influence its Islamic brethren remains to be seen. It is also unclear how closely Indonesia wants to be associated with the US given its unpopularity in many Muslim majority countries.

Divergent stances toward the Israeli-Palestinian issue are a source of contention. The US supported Israel's 2006 war against Lebanon and its recent invasion of Gaza while Indonesia condemned both. In Jakarta, Clinton acknowledged Indonesian anger over Israeli actions in Gaza. President Obama's call for a halt to Israeli settlements may ameliorate some tension, but until a comprehensive solution to the Palestinian issue is reached, it will likely remain a sore point between the US and Indonesia. Foreign Minister Wirayuda has stated that Indonesia stands ready to assist the Middle East peace process. Any solution to the Palestinian-Israeli conflict will require the Palestinians to overcome their internal division. Indonesia has ties to both the PLO and Hamas, and could play a mediator role. Indonesians have told the Palestinians that a prerequisite for gaining Indonesian independence was promoting national unity and have urged the Palestinians to emulate the Indonesian example.

Climate Change

Climate change is an issue with significant scope for US-Indonesia cooperation. Indonesia is the world's third largest emitter of GHG behind the US and China.¹⁶ No global plan to mitigate climate change will be successful without the participation of both the US and Indonesia. Moreover, climate change could have devastating impacts on Indonesia. Indonesia has already lost some islands to rising sea levels and another 2000 are at risk. Changes in rainfall and rising temperatures will negatively impact agriculture, and the World Bank predicts that climate change could threaten food security in Indonesia.¹⁷ Therefore,

¹⁶ Indonesia and Climate Change, Executive Summary, *The World Bank*, Jakarta, May 2007, 3.

¹⁷ "Indonesia and Climate Change, Executive Summary, *The World Bank*, Jakarta, May 2007, 5.

there is also potential to cooperate on helping Indonesia adapt to climate change.

In December 2007, Indonesia hosted the 13th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) convened to negotiate a successor to the Kyoto Protocol. The key fault line in climate change negotiations is between developed and developing countries. Developed countries relied on fossil fuels in their industrialization processes and therefore bear primary responsibility for climate change up to now, but developing countries are increasing GHGs at a rapid rate now. Developing countries argue that due to their historic responsibility, industrialized countries should cut their GHG, but are reluctant to commit to cut their own emissions, viewing such commitments as a barrier to development. Indonesia's position as a developing country and leading GHG emitter put in a position to mediate these two groups. In Bali, Indonesia brokered a compromise between the industrialized countries and the G-77 but the US opposed it. President Yudhoyono has called for recognition that an effective response to climate change requires all to contribute on the basis of "common but differentiated" responsibilities.

In contrast to the Bush administration, the Obama administration has called climate change an "urgent" matter. Indonesia and the US are both attempting to exert leadership in the run up to the December 2009 UNFCCC Copenhagen meeting, providing an opportunity for cooperation. For the US and Indonesia to play effective leadership roles means both must credibly address climate change at home. The Obama administration has pressed congress to pass climate change legislation. A bill that calls for cutting emissions 17% below 2005 levels by 2020 narrowly passed the house but its future in the Senate is unclear.

To meet increasing demands for electricity, Indonesia has been building power plants, many of which use older Chinese technology rather than clean coal technology. Despite the key role that deforestation plays in producing GHG in Indonesia, the Forestry Ministry recently increased the number of logging permits. For Indonesia, grappling effectively with deforestation will entail cracking down on illegal logging and plantation building, both of which are backed by powerful interests. In the absence of significant domestic support, it is difficult to envision how the US and Indonesia can embark on an ambitious global climate change agenda.

Food Security & Technical Cooperation

Volatility in food prices and supplies of basic commodities in recent years has threatened global food security. Albeit being the world's fourth largest rice importer in 2007, Indonesia became self-sufficient in rice, its staple commodity in 2008. Analysts have pointed to the complementarity between the two countries in the field of agricultural research. The US has a competitive advantage in advanced scientific research in areas, such as biotechnology and genetically modified food. Indonesia has an advantage in applied agricultural research.¹⁸ Collaborative efforts to help support a second "green revolution" in food production seems a perfect "win-win" area for the comprehensive partnership.

Scientific and technical cooperation is typically viewed as apolitical and hence an easier area for joint ventures than security or economics. Recent tensions over medical research call this assumption into question. Indonesia has temporarily suspended activities at the US Naval Medical Research Unit (Namru), a biomedical research lab established in 1970 that studies tropical diseases such as malaria, dengue fever and emerging infectious diseases such as avian influenza. A dispute that initially arose over the extension of diplomatic visas for American researchers later led to allegations that the US had used Indonesians as unwitting subjects for experimental vaccines, that the lab was used for intelligence purposes, lacked transparency, brought no benefits to Indonesia and should be closed.

Such accusations mystify US officials. How, they wonder, can Namru be accused of lacking transparency when it is housed within the Indonesian Ministry of Health, which approves all of Namru's projects? American officials further note that only 19 of the lab's employees are Americans, the vast majority are Indonesians. Americans are frustrated that despite the significant benefits Namru has provided to Indonesia including the transfer of medical knowledge, training of Indonesian researchers and emergency responses to outbreaks of diseases, few senior officials are willing to help set the record straight. Coming on the heels of a separate decision to stop sharing bird flu

¹⁸ The 2009 US-Indonesia Comprehensive Partnership: Engaging the Non-Government Sector, The United-States Indonesia Society, 5 June 2009, 16. available at <http://www.usindo.org/publications/reports/USINDO%20Bilateral%20Conference%20Report%20Final.pdf>

samples with the World Health Organization after Indonesia's Health Minister accused the US of using virus samples to develop biological weapons, many US officials questioned whether there is any scope for enhanced scientific cooperation between the two countries.

DIVERGENT APPROACHES TO NEGOTIATING THE COMPREHENSIVE PARTNERSHIP

Differences over how to approach the comprehensive partnership are themselves a potential obstacle to it. The Indonesian side prefers a "top down" approach in which a comprehensive partnership is announced by presidents Obama and Yudhoyono with the policy details worked out later by mid-level officials. The American side prefers a "bottom up" approach in which concrete details are agreed upon first and used as building blocks for the partnership.

This divergence may sound trivial. But which approach is taken could determine the extent to which the partnership is symbolic or substantive. Indonesia's preference for a top-down approach is consistent with ASEAN's diplomatic style of avoiding open conflict by agreeing on broad common interests, sweeping disagreements under the rug, and calling agreements a success. It is a diplomatic approach that values process as well as policy outcomes.

This style is antithetical to the American preference for agreements with specific deliverables. The Obama administration clearly understands that symbolism is important in Southeast Asian diplomacy. Hillary Clinton demonstrated this masterfully during the July 2009 ASEAN meetings when she showed up, signed the TAC and used every opportunity to announce that the "US is back." To US officials, such gathering is designed to create an environment conducive to concrete cooperative efforts, not more of the same.

US officials are reluctant to forge a partnership that is only symbolic, and some question whether Indonesia is willing to make the compromises required of both sides to make it substantive. American negotiators are frustrated that their Indonesian counterparts often lack concrete policy initiatives, and seem unwilling to put anything new on the table. An impression is mounting that Indonesia is simply attempting to capitalize on Obama's Indonesia connection.

To be fair, the negotiations for the partnership have taken place largely during the Indonesian election campaign when details of

compromises made by Indonesian officials would have been used by Yudhoyono's opponents against him. The election gave Yudhoyono a decisive victory. Whether he uses his electoral mandate to promote the comprehensive partnership remains to be seen. Indonesians have repeatedly told their American counterparts that enhancing cooperation on security, economic and other issues is difficult because "we are a democracy now." American officials are left wondering how the partnership can progress if Indonesian officials are unwilling to make the case that cooperation brings tangible benefits to both sides—to the Indonesian parliament and public.

Indonesian officials, however, remind their American counterparts that for years Washington told Jakarta that it was hamstrung in restoring military ties due to opposition from Congress and human rights groups. The fact is that there is no real American constituency in Indonesia nor is there a large Indonesian constituency in the US that provides popular support for the relationship. This has long been an obstacle in the relationship. Finally, the negotiations for a partnership are taking place within a tight timeframe dictated by Obama's November 2009 trip to Singapore for the APEC meeting. This deadline, combined with the significant domestic agendas facing both the Obama and Yudhoyono administrations are also obstacles to the negotiations.

CONCLUSION

The US and Indonesia have an opportunity to forge a new partnership that will enhance cooperation across a range of issues to address the challenges of the 21st century. The danger is that by embarking on an overarching review of the relationship, negotiations become bogged down in discussions of past disappointments and a focus on the obstacles to the partnership. If that were to occur, the possibility exists that the comprehensive partnership would emerge as little more than a re-packaging of existing programmes.

That would be a shame. As Obama argued in his Cairo speech, partnership "does not mean we should ignore sources of tension. Indeed it suggests the opposite: we must face these tensions squarely."¹⁹ Both In-

¹⁹ Text of President Obama's Speech in Cairo: A New Beginning" 4 June 2009, available at www.voanews.com/english/archive/2009-06/2009-06-04-voa.7.cfm.

donesia and the US should muster the political will to confront the tensions in the relationship squarely as a first step toward resolving them. Many of these tensions are attitudinal. When Americans speak behind the closed doors that Obama seeks to open, they admit that they often find cooperation with Indonesia difficult, influenced by an ardent nationalism that seems to border on xenophobia and a penchant for conspiracy theories. Jusuf Wanandi, an astute observer of US-Indonesian relations has remarked that when Indonesians are forthright with themselves, "we should admit that we have always been ambivalent toward the United States...in the eyes of our elite and public, the United States is a unilateralist power."²⁰

Such attitudes are legacies of past experience. The future of US-Indonesian relations should not be held hostage to them. As President Yudhoyono has argued, the US-Indonesia relationship is too important to be driven by sentiments. We are NOT in the business of entertaining emotions and stereotypes. We are in the business of promoting national interests. And those national interests dictate us to work closely with one another.²¹

The elections of Obama and Yudhoyono have created a once-in-a-generation opportunity to forge a comprehensive partnership between the US and Indonesia. It should be seized.

²⁰ Jusuf Wanandi, "Obama and Indonesia-US Relations" *The Jakarta Post*, 22 January 2009.

²¹ President Susilo Bambang Yudhoyono, "Indonesia and America: A 21st Century Partnership" Speech at USINDO, 14 November 2008.

STRATEGIC RI-US PARTNERSHIP

David Merrill

The Indonesia-US relationship is on the most positive track ever in its long history. Though we are used to ups and downs in the relationship, we are now into new upside territory. We would not have dared to imagine we would ever see a US President who once lived in Indonesia, in the same year as a comprehensive US-Indonesia bilateral partnership, proposed by a President of Indonesia. This rare moment reflects historic changes in both countries. We must seize it.

The two governments are moving at a rapid pace. President Yudhoyono's proposal of a comprehensive partnership was publicly accepted by Secretary Clinton right after she took office followed by her early trip to Indonesia to agree on concrete areas of cooperation. President Obama has several times expressed his commitment to the partnership—most recently in a call to President SBY in which he emphasized the importance of education, democracy, and climate change as areas of concentration for the partnership.

But the two governments cannot do it all. As originally proposed by Indonesia last November, the partnership “has to be for the long-term, and have strong people-to-people content.” It requires the oxygen of public involvement in both countries - particularly over this summer, while the partnership content is still under discussion, and the scope for public input is greatest.

USINDO held a landmark April conference in Washington that strengthened the public input aspects of the partnership, particularly

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from American audiences. Of all the sectors in the partnership, education is the one that depends most on non-government actions—it is hard even to imagine governments directing the formation of university-to-university linkages.

As recommended by the April conference, USINDO has organised and is co-chairing, along with the Institute for International Education, the Association of Public and Land-Grant Universities, and the East-West Center, a mission to Indonesia of 20 senior US university presidents and leaders from 26 to 31 July 2009. This mission is welcomed by both governments, and explored opportunities for interaction and input from Indonesian universities, students, and the public.

To put the task into perspective, the number of Indonesians engaging in long-term study in the US has fallen from 13,000 in 1997 to about 7,700. Only 130 Americans currently study in Indonesia compared to over 200 a decade ago. The reasons for these trends are a complex mix of factors, including insufficient marketing by US and Indonesian universities and travel restrictions, but they do not reflect a lack of interest by Indonesians to study in the US, historically a key source of education for Indonesians, as for other countries.

The new partnership offers a perfect opportunity to restore US-Indonesia educational exchanges to the level that better reflects the potential for the exchange of knowledge between the countries. Such exchanges have also proved to strengthen the foundations of our bilateral relationship, making them especially appropriate for a partnership.

Our Educational Leaders' Mission wants to find ways to double the number of Indonesians studying in the US and Americans studying in Indonesia, expand university-to-university partnerships, strengthen academic centers in each country that promote study about the other, and promote understanding of fruitful areas for academic exchanges.

USINDO wants Indonesians to hear about US universities seeking Indonesian students, and for Americans to look at Indonesia not just for traditional fields of research such as political science and anthropology, but for such subjects as climate change, food production, and coastal zone management. The team will meet both government educational institutions and private universities. A special USINDO Open Forum has been organized to provide an opportunity for public

dissemination of the draft findings of the educators' visit, and for comments and questions from the Indonesian public. USINDO also plans a major conference in Jakarta to provide for Indonesian input to other sectors of the partnership.

It is a signal of commitment that senior education mission has proceeded despite the horrific events of the Jakarta bombing. But those events remind us how important it is to rededicate ourselves to the role of education. Education leads to jobs and broad based economic growth opportunities, which extinguish the breeding grounds for whatever appeal terrorist acts may have for a few. It is therefore imperative for both the US and Indonesia to re-invigorate our educational partnership, and may it develop deep roots.

MOVING US-INDONESIA RELATIONS TO A DISCOURSE ON WORLD CITIZENSHIP

Suzie S. Sudarman

INTRODUCTION

During the Cold War the United States was a key factor in spurring an American-led discourse on extraterritoriality and world citizenship. Extraterritoriality in this case particularly refers to spaces beyond the traditionally understood borders and perimeters of nation-states.¹ When the Cold War ended with the dissolution of the Soviet Union, this American crafted discourse vanished. The post Cold War world is the fulfilment of the dreams of the American and Western internationalists. The 1990s had witnessed nuclear disarmament, a long prosperity of wealthy nations of the world, the pervasiveness of advanced telecommunication and information technology infrastructure, the end of apartheid in South Africa, a relaxing of authoritarianism in China, and other manifestations of peace dividend. But that same decade also saw the breakup of Yugoslavia, genocides, the increase of religious extremism, various terrorism incidents in the Middle East, the World Trade Center, a global wave of other bombing incidents and violence.

In the continuously unfolding movement of the liberal world order American foreign policy initially tried to marginalize these ex-

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¹ James Schwoch, *Global TV. New Media and The Cold War 1946-69* (Urbana: University of Illinois Press, 2009), 5.

treme events. But as modern liberalism itself is heterogeneous and contested, American diplomacy in the 1990s began to drift and unravel.² In contrast, American Cold War discourse depends on a tiny sense of collective trust and interactivity and helps the budding world citizens articulate an American inspired discourse. Ideally, the US twenty first century diplomacy not be blinkered into a singular world view and continue to depend on an interactive sense of trust by positively recognizing that the world apparently now is more complex and mutative than had been anticipated.³

This article attempts to provide a sort of map of the challenges for the United States, which is to find ways to effectively lead a new global dialogue on world civilization and the opportunities that open up for Indonesia to play a role in engaging the United States to be more willing to embrace greater global difference and put a greater commitment against world poverty and disease.

AMERICAN DIPLOMACY AND ITS DISCURSIVE POWER

James der Derian alludes to the fact that traditional systems of thought seems resistant to understanding a postmodern practice and problematic of a discursive power which is technostrategic and chronopolitical.⁴ They are technostrategic in the sense that they use technology for the purpose of wars. And chronopolitical because they elevate chronology over geography, pace over space, and they have a discursive power.⁵

Discursive power relates to the linguistic turn in International Relations. With this development of the International Relations theory there is an implicit notion that all social systems and orders of exchange are communicatively constituted.⁶ However, no theory of International Relations since the works of Karl W. Deutsch—with the exceptions of

² Bruce Cumings, "Still the American Century," in *Review of International Studies* 25; i 05 (December 1999): 271-299.

³ Schwoch, *Global TV*: 170.

⁴ James der Derian, "The (S)pace of International Relations: Simulation, Surveillance, and Speed," in *International Studies Quarterly* 34, no. 3, Special Issue: Speaking the Language of Exile: Dissidence in International Studies (September 1990):295-310.

⁵ *Ibid.*,297.

⁶ Mathias Albert, Oliver Kessler and Stephan Stetter, "On Order and Conflict: International Relations and the Communicative Turn," in *Review of International Studies* 34, Special Issue S1: Cultures and Politics of Global Communication (January 2008): 43-67.

those pockets of post-cybernetics theorizing takes communication as a central conceptual notion.⁷ Most International Relations theory relegates communication as a concept to the margins.

Mathias Albert, Oliver Kessler and Stephan Stetter attempt to take up International Relations theory where Deutsch left it and reconstruct it as a theory centrally incorporating a concept of communication. They restate the problem of order from a problem of establishing regularities and patterns to a problem of disconnecting communication. Likewise they restate the problem of conflict from a problem of disruption of communication to a problem of continuing conflict communication.⁸

Karl Deutsch draws on cybernetic theory in order to conceptualize the political system as an advanced social system meaning only such an advanced systems or communicative systems attain the capability to achieve operational autonomy, steer themselves, learn, and consciously change their own goals.⁹ Deutsch shows how social system as a communicative system is characterized by changing goals as a result of feedback loops and learning. With the reformulation of the political system as a learning system Deutsch is able to reformulate the concept of power with strong repercussions for thinking about power in International Relations Theory today. His understanding of power does not refer to a state's capability to immediately enable action but he redefines it as an ability to afford not to learn.

Deutsch's introduction of communication as a central concept for political system and the international political system enables many restatements of core concept in International Relations theory, most importantly the notion that international relations is a nonequilibrium system and the understanding of power as a social and relational concept.¹⁰

Albert, Kessler and Stetter explain further that if the validity of norms which underpin any kind of international order is in essence the result of a communicative process, then not only cohesion but also instability, variation and deviation are part of any social order. There is also the problem of the inherent fragility of every social order. To

⁷ Ibid., 44.

⁸ Ibid., 45.

⁹ Ibid., 46.

¹⁰ Ibid., 47.

absorb insecurity and create expectations within a specific social order depend on the drawing of distinctions, the marking of a border, which separates a specific order from other order or spheres. A specific order must also respond to the problem of iterability or to prevent the emergence of connecting communications within the social order which could endanger the continuation of the order's operations. But these demarcations are not fixed and are constantly reproduced by communication and are in reality fragile. This is relevant to International Relations which is a prominent exercise to attribute a fixed status to the international order.¹¹

Not merely the moment of inception of a social order but also its continued existence would depend on the disruption of communication. The generalised media of communication (power in the political system, money in the economic system) provides a mechanism to ensure the acceptance of communication as belonging to a distinct social order and thereby in turn structuring expectations about the existence of this order.¹² Consequently, there are disruptive moments in the emergence and maintenance of the international order.¹³

Conflict can function as the immune system of society. As such, society has to provide mechanisms that render the rejection of communication offers always possible.¹⁴ However, social orders have at the same time to prevent a conflict from dominating communicative operations within this specific order thus enabling it to capture other societal operations thereby consolidating its status as a distinct conflict order.¹⁵

There are linkages between diplomacy, media studies, and science studies to project the global image of America in the 1950s and 1960s. First, there is the early linkage of new communications technologies to strategic security issues prior to the use of this new toolkit for modernization and development in the third world.¹⁶ American quest for a single global satellite system in the name of world citizenship brings for-

¹¹ Ibid., 58.

¹² Ibid., 60.

¹³ Ibid., 61.

¹⁴ Ibid., 65.

¹⁵ Schwoch, *Global TV*, 7.

¹⁶ Ibid., 12.

ward the full transformation into a discursive familiarity with a list of signifiers that include concerns for natural resources, animal wildlife, atmospheric and oceanic purity, limiting weapons of mass destruction, space and polar exploration.¹⁷

Yet in the aftermath of the Cold War the Clinton administration seems to turn to unilateralism in the use of the United States' muscle in changing global trade and economics.¹⁸ As a candidate, Bush pledged a "humble" approach to global affairs but once the United States was threatened he shifted his rhetoric and policy decisions to support the largest nation-building exercise since World War II.¹⁹ The Bush administration appears to choose to ignore new global communication technologies thereby placing the global image of America in peril. And naturally as American policymakers broaden the focus of the war on terrorism post September 11th anti-Americanism tends to deepen.²⁰

James Schwoch finds that American foreign policy during the Bush administration consistently posits an unfounded assumption of simple, unchanging audiences and remedial media literates.²¹ We have witnessed then how American diplomacy in the 21st century believes in a single voice with no mutations as the route toward crafting the global image of America. In the United States no one seems to care anymore about thoughtful diplomacy, wise American statecraft, or careful global leadership.²² The complexity of the post Cold War world challenges American diplomacy to find ways to effectively lead new global dialogues in recognition of the geopolitical mutation. American diplomacy needs to convey to the world a sense of trust and interactivity.

THE CHALLENGES FOR AMERICA TO LEAD A NEW GLOBAL DIALOGUE UNDER PRESIDENT OBAMA

In keeping with the attempt to communicate to the world that America recognizes differences, President elect Barack Obama, the

¹⁷ Ibid., 160.

¹⁸ Meredith Woo-Cumings, unpublished manuscript, June 2004.

¹⁹ Ibid.

²⁰ ⁵⁵Andrew Kohut and Bruce Stokes, *America against The World. How We Are Different and Why We Are Disliked* (New York Times Book, 2006), 25.

²¹ Schwoch, *Global TV*, 162.

²² Ibid., 167.

United States' first black president promised to repair America's reputation worldwide and reboot America's image among the world's Muslims and will follow tradition by using his entire name Barack Hussein Obama in his swearing in ceremony.²³

Prior to her confirmation Secretary of State Hillary Clinton lays the first building blocks of the new American foreign policy in advocating a mix of diplomatic, economic, military, political, legal and cultural strategies. United States foreign policy promises smart power that marries "principles and pragmatism, not rigid ideology."²⁴ On Secretary Clinton's first day on the job she reiterated that the challenging time requires 21st century tools and solutions to meet US problems and seize opportunities. She spoke of the importance of defence, diplomacy and development—the three legs to the stool of American foreign policy; and State Department is in charge of two of them. Her mandate from President Obama is to step up diplomatic effort to restore the nation's shattered image overseas.²⁵

On the way to Indonesia she said that America now is ready to listen again and engage the world. "Too often in the recent past, our government has not heard the different perspectives of people around the world." Clinton laments that America's failure to communicate its intentions with the world is "one of the central security challenges we face."²⁶

President Obama spent several years as a child in Indonesia and he attended an Indonesian school. With the Islamic links of President Obama's family on the paternal side it makes Obama an even more popular figure in Indonesia than he is in much of the rest of the world.

In Indonesia, the US Secretary of State, Hillary Clinton, managed to capitalize on Obama's popularity. She said that Indonesia as a democratic and mainly Muslim country would play a key role in the

²³ Jennifer Loven, "Obama Hopes to reboot U.S. Image among Muslims," in *Associated Press*, 10 December 2008.

²⁴ Stephen Collinson, "Clinton Promises 'Smart Power' Under Obama," in *Associated Press*, 14 January 2009.

²⁵ Matthew Lee, "Clinton Vows Robust Diplomacy as State Department Chief," in *Associated Press*, 22 January 2009.

²⁶ Matthew Lee, "Clinton Seeks Greater Southeast Asia Ties," in *Associated Press*, 18 February 2009.

Obama administration's new commitment to "smart power" by building a comprehensive partnership.²⁷ Indonesia has been entranced by the finely honed political skills that suggest she will be a most unusual and formidable diplomat. Secretary Clinton, who has struck a tone befitting the predicament of a chastened superpower battling a financial crisis of its own making and a tarnished international reputation, says "we know we don't have all the answers," and "we are here to listen as well as talk."²⁸ Her pitch is that the problems of the world—financial crisis, climate change and extremism—are so overwhelming that no country can handle them alone.²⁹

On 19 February 2009 Secretary Clinton appeared in the popular youth show music program "Dahsyat" (Awesome) on local broadcaster RCTI in which she shared with the audience her love of classical music. Clinton generally got a rock star reception when she connects with people on a personal level, particularly when she punched the tough diplomatic bubble to meet ordinary people in Indonesia.

The election of Barack Obama as president and the recent visit of Secretary of State Hillary Clinton has given rise to a surge of support for the United States in Indonesia and helped to relieve suspicions of Indonesians over United States' motives. Some experts in the United States take exceptions to this fact however. Joshua Muravchick for instance finds President Obama and Secretary of State Hillary Clinton very reactive and not creative and has gone out of their way to play down concerns about human rights and democratic movements in favour of an approach to other countries and their leaders that emphasize cooperation.³⁰

Many hope that American diplomacy will reach out to its history and rearticulate its own past through leadership that tests assumptions before acting upon them, makes a commitment everywhere, and

²⁷ Stephen Coates, "Clinton Sees New Role for Indonesia in US Smart Power," in *AFP*, 19 February 2009.

²⁸ Tom Allard, "Humble Clinton Strikes Right Note with Indonesians," in *The Age* (Melbourne, Australia), 20 February, 2009.

²⁹ Glenn Kessler, "The Global Listening Tour. On Her First Trip as Secretary of State, Clinton Shows How She'll Attempt to Repair the U.S. Image Worldwide," in *The Washington Post*, 20 February 2009.

³⁰ Glenn Kessler and Michael D. Shear, "Human Rights Activists Troubled by Administration's Approach," in *The Washington Post*, 5 May 2009.

insists in understanding and wisely using global media technologies despite the difficulties and expenses of such undertaking. This effort must show that America believes that the post Cold War world is a better world because it is a world of greater differences.

OPPORTUNITIES FOR INDONESIA TO ENGAGE THE UNITED STATES

At a time when Indonesia is once again important for the United States the Obama administration instead of showering the Indonesian establishment with clichés can highlight the fact of the increasingly intolerant Indonesia. There are cases of religious intolerance, political intolerance, economic intolerance, ethnic intolerance throughout the archipelago. This occurs at a time when international theorists and international security actors perceive internal conflicts in the non-Western world as crimes to be judged and righted rather than as political conflicts to be mediated. Non Western actors fought for the desire for different community boundaries and a strengthening of a particular identity.³¹

On her recent trip to Africa Secretary Clinton has begun to spotlight women's issues to get governments to focus on them. But as the Bush administration did not use much electronic technology to effectively lead a new global dialogue, the interesting question will be: Will the Obama administration use it to lead a discourse on extraterritoriality and world citizenship? He attempts to convey that the United States is ready to listen through an interview on Al Arabiya TV. His Secretary of State appeared in the popular youth show music program in a local Indonesian broadcaster RCTI. We might wonder further about new information diplomacy initiatives that President Obama, like all his predecessors, may consider using such technology.

However, there is a clear tendency for the Obama administration to marry American principles with pragmatism, particularly to determine how America can work together with people who care about solving the world's problems in order to produce that more peaceful, prosperous and progressive future that President Obama campaigned

³¹ David Chandler, "Back to the Future? The Limits of Neo-Wilsonian Ideals of Exporting Democracy," In *Review of International Studies* 32, 1 03 (July 2006): 484.

for. If this holds true and there seems to be a continued emphasis on listening not just talking, a new opportunity suddenly opens up for Indonesia to enable its citizens to affect the circumstances of their life by speaking up and nudging the United States further on a discourse of world citizenship. Indonesians must make the best effort to utilize all the tools and techniques available in the telecommunication and information infrastructure as these tools can generate different social capacities to enhance their ability to control their fates and their futures.

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THE TALE OF TWO INCUMBENTS IN THE 2009 PRESIDENTIAL ELECTIONS

Philips Vermonte

INTRODUCTION

A series of radical political reform has taken place in Indonesia following the fall of President Suharto in May 1998. It includes electoral reform that is still continuing until the 2009 elections. Three democratic elections have been held after the collapse of the Suharto-led New Order regime, in 1999, 2004 and 2009 respectively.

After the fall of Suharto, the country witnessed a proliferation of political parties. There were 48 political parties that competed in the 1999 elections, 24 in the 2004 elections, and 38 in the 2009 elections. The increase in the number of political parties indicates the transformation of Indonesian electoral system from a restricted into a competitive one. This is remarkable in view of the fact that during the New Order government only three political parties were allowed to contest in the elections: Golkar, the ruling party; PPP (*Partai Persatuan Pembangunan*); and PDI (*Partai Demokrasi Indonesia*).

However, recent studies show that the Indonesian political/party system is still characterized as lacking institutionalization that in turn hinders the country to become a more mature democracy. Anders Ufen, for example, observes that the country's political system is un-

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dergoing the so-called "Philippinization", which refers to the fact that Indonesian political parties are becoming like their counterparts in the Philippines, sharing the following common features: "lacking of meaningful platforms, experiencing the high frequency of party-switching and short-term coalition building."¹

In addition, political campaigns are personalized, focusing not on the political parties but more on individual candidates. Individuals who are aspiring to become a presidential candidate set up their own parties. This paves the way for the rise of so-called 'presidential parties'.² The prime examples are President Susilo Bambang Yudhono (SBY) establishment of the Democratic Party (PD) as his political vehicle in 2004, Wiranto and his Partai Hanura as well as Prabowo Subianto and his Partai Gerindra. The latter two parties were both created for the 2009 elections.

In fact, the direct presidential election system adopted in 2004 necessitated the presidentialization of the Indonesian political parties. A direct election requires any candidate to reach out to the voters. Party machines are necessary, but they are not sufficient to attract votes. In some cases, candidates have to bypass their party machine, especially when a party has two or more candidates running for the office.

As a case in point is when Jusuf Kalla of the Golkar party was paired with SBY to be a vice-presidential candidate in 2004. As SBY's running mate, Jusuf Kalla was campaigning against the Golkar party's presidential candidate, Wiranto, who won the nomination through the party's convention. Consequently, Jusuf Kalla could not use the Golkar's party machine, but had to rely more on his personal network.³

In light of this fact, this paper addresses several issues. First, what is the nature of the relationship between voters and political parties, which are poorly institutionalized, in a democratizing Indonesia? Second, in the context of the 2009 presidential election, what can be observed regarding the voting behaviour in Indonesia? This paper utilizes the data gathered from three rounds of telephone surveys in nine

¹ Anders Ufen, "Political Parties in Post-Suharto Indonesia: between *politik aliran* and 'Philippinization'," Working Paper no. 37 (Hamburg: German Institute of Global and Area Studies, December 2006), 16-17.

² Ibid.

³ After he won the vice-presidency, Jusuf Kalla won the chairmanship of the Golkar Party.

provinces in Indonesia conducted by CSIS over several weeks leading up to the presidential election in July 2009. As such, the paper focuses on the voting behaviour of middle-class voters in those provinces.⁴

The first part of the paper discusses briefly the history of voting in Indonesia from the New Order period to the present elections. Issues such as the relevance of *aliran* politics will be elaborated. The second part addresses the voting behaviour during the 2009 presidential election. The paper argues that voters in Indonesia have been able to show their willingness to punish and/or to reward politicians, or presidential candidates for that matter. The third part draws some preliminary conclusions and suggests areas for further research.

THE NEW ORDER PERIOD: ELECTIONS IN A PSEUDO DEMOCRACY

Indonesia under Suharto may be described as a *pseudo democracy*, a term defined by Larry Diamond as a democracy that has 'multiple parties and many other constitutional features of electoral democracy but that lacks at least one key requirement: an arena of contestation sufficiently fair that the ruling party can be turned out of power'.⁵

Indeed, the electoral system during the New Order regime was designed to ensure that Golkar would win at least a comfortable 70% of the total votes in every election. Golkar was then able to dominate the country's politics and became a hegemonic party for the entire years of the New Order period. Golkar was institutionalized and cultivated unconditional support from the bureaucracy and, undoubtedly, from the Indonesian military. A paradox occurred where Golkar, on the one hand, became effective as a political machine for the regime, and voters, on the other hand, seem not to have much say in the elections.

Nonetheless, some scholars⁶ have posed an intriguing question: why many autocratic regimes around the world allow elections? One

⁴ Ownership of access to landline telephone is possibly a good indicator of the middle-class household in Indonesia. Detailed information about the three-wave telephone survey can be found in the Appendix. The data is available upon request to the author.

⁵ Larry Diamond, *Developing Democracy: toward Consolidation* (Baltimore: the Johns Hopkins University Press, 1999), 15.

⁶ For example, Dwight King, *Half-hearted Reform: Electoral Institutions and the Struggle for Democracy in Indonesia* (Westport: Praeger Publishers, 2003), 4; Beatriz Magaloni, *Voting for Autocracy: Hegemonic Party Survival and its Demise in Mexico* (New York: Cambridge University Press, 2006).

answer to this question is that by conducting regular elections an autocratic regime addresses the question of legitimacy and creates a democratic façade to deceive the international community. Another common response to this question is that elections in autocratic regimes are not meaningful to be studied due to the reason that the regimes can manipulate the outcomes. This response is problematic. Why many autocratic regimes such as the New Order regime in Indonesia took the trouble to conduct elections? Another oft-cited example is the PRI regime in Mexico. In the case of Mexico, however, the elections held by the PRI regime created the seeds for its own demise (Magaloni 2006).

In the case of Indonesia, the data at my disposal reveals that unsurprisingly at the national level, Golkar always won the convenient majority of 70% or more votes in the six elections conducted during the New Order period (1971, 1977, 1982, 1987, 1992 and 1997). Nevertheless, disaggregated data show that in many districts Golkar was able to capture less than 50% of the votes. (Table 1 shows some districts in which Golkar won 50% of the votes or less in four elections during the New Order period).

Table 1 reveals that even if the New Order regime manipulated every election, it still could not ignore the fact that in some areas voters consistently voiced their disapproval by not throwing their support to Golkar in the elections. In other words, contrary to conventional wisdom suggesting that elections held by the New Order regime are not worth studying, there was ample evidence that in many districts the elections were relatively competitive. It also tells us one thing: that even in an authoritarian system, voters could manage to reveal their disapproval against the government in power. If it were to be translated to a democratic context, it reflects one common trait in competitive democracies, namely that voters are willing to punish (or reward) the government in power.

Table 1. Votes for Golkar in Various Districts during the New Order Era⁷

District	1977P	District	1982P	District	1987P	District	1992P
Sampang EJV	0.24	Aceh Besar	0.19	Aceh Besar	0.35	MMagelang CJV	0.24702
Aceh Besar	0.24	Pamekasan	0.25	Pidie	0.40	Mpekalongan	0.36063
Pmekasan EJV	0.24	Pidie	0.26	SampangEJV	0.43	Pasuruan EJV	0.39407
Aceh Utara	0.31	Sampang EJV	0.27	SouthJakarta	0.44	MPasuruanEJV	0.39458
MPekalongan CeJ	0.34	Aceh Utara	0.30	AcehUtara	0.45	Tmanggung CJV	0.41843
Belitung	0.35	Bangkalan EJV	0.30	East Jakarta	0.47	Kendal CJV	0.42473
Bangkalan EJV	0.35	MPasuruanEJV	0.37	North Jakarta	0.49	Banjarmasin SKL	0.43552
South Jakarta	0.36	PasuruanEJV	0.38	MPasuruan EJV	0.49	Tegal CJV	0.44765
Palembang	0.36	MPekalongan	0.38	Bangkalan EJV	0.51	Yogyakarta	0.44965
Sumenep EJV	0.36	South Jakarta	0.38	MPekalongan CJV	0.51	MSurabaya EJV	0.45258
North Jakarta	0.37	Banda Aceh	0.39	BjrmasinSKL	0.52	Kebumen CJV	0.46047
Banjarmasin	0.37	Aceh Selatan	0.40	Aceh Selatan	0.52	MMalangEJV	0.46449
Tegal CJV	0.38	Banjarmasin	0.40	Yogyakarta	0.53	Jepara CJV	0.47064
Musi Banyuasin	0.39	ProbolinggoEJV	0.42	West Jakarta	0.53	Jombang EJV	0.47492
Banjarnegara Central Java	0.39	Aceh Timur	0.43	PasuruanEJV	0.53	Magelang CJV	0.47529
Central Jakarta	0.40	North Jakarta	0.44	SambasWKL	0.54	Surakarta C JV	0.48332
Pasuruan EJV	0.40	East Jakarta	0.44	Pamekasan EJV	0.54	Demak CJV	0.48381
MPasuruan	0.40	Palembang	0.45	Tangerang WJV	0.54	MTegal CJV	0.48476
Pidie Aceh	0.41	Magelang CJV	0.45	Surakarta CJV	0.55	Prblinggo EJV	0.49174
Tapin SKAL	0.41	Lahat SSM	0.45	MTegal CJV	0.55	Pamekasan EJV	0.49610
West Jakarta	0.41	Bondowoso EJV	0.45	Palembang SSM	0.55	Pekalongan CJV	0.49624
Kebumen CJV	0.41	Surabaya/Grsk	0.45	BandaAceh	0.55	MPrblinggo EJV	0.50132
Surabaya/Grsk	0.42	Aceh Barat	0.45	Tegal CJV	0.56	Wonosobo CJV	0.50213
Pekanbaru	0.42	Situbondo EJV	0.46	AcehBarat	0.57	Sidoarjo EJV	0.50386
Serang WJV	0.42	Tegal CJV	0.46	Kebumen CJV	0.58	Samarinda EKL	0.50397
Hulusei Selatan SKAL	0.42	Bukittinggi	0.47	CentralJakarta	0.58	MKediri EJV	0.50703
East Jakarta	0.43	Demak CJV	0.47	MSurabaya EJV	0.58	Klaten CJV	0.50747
Aceh Selatan	0.43	Pekalongan CJV	0.48	MSemarang CJV	0.59	TjBalai NSM	0.50747
Tanjung Karang	0.43	Padang WSM	0.48	Sabang Aceh	0.59	Aceh Besar	0.50834

Source: computed from result of elections during the New Order period, the highlighted part indicates capital cities of provinces.

It is also worth noting that Golkar has been able to survive in the post-Suharto era. In the first democratic elections in 1999 Golkar came second in the tally (although the votes it gained decreased significantly). In the 2004 elections, Golkar won the most votes and therefore commanded the largest number of seats in the parliament.

In this case, the vindication that elections conducted by autocratic regimes are manipulated and therefore are always meaningless seems

⁷ CJV=Central Java Province, EJV=East Java, WJV=West Java, NSM=North Sumatera, SSM=South Sumatera, WSM=West Sumatera, EKL=East Kalimantan, SKL= South Kalimantan, WKL=West Kalimantan,

irrelevant. There is no doubt that the political system created by the New Order regime worked in favour of Golkar, but the fact that Golkar performed very well in the two democratic elections in 1999 and 2004 suggests that there was genuine support from the electorates for Golkar, both in the New Order and post-New Order eras.

Yet, an interesting question remains: Why Golkar's presidential candidates, in the 2004 and 2009 elections, did not win although the party, which constantly carried the stigma as the guardian of the withering undemocratic New Order regime, performed quite well in the parliamentary elections?

ELECTIONS IN THE POST NEW ORDER ERA: TWO COMPETING EXPLANATIONS

The results of the 2004 elections seem to suggest that there is a degree of disconnection between vote choice in the parliamentary and in the presidential elections. In 2004, SBY won the presidential election despite the fact that his party, Partai Demokrat (PD), only secured a small number of votes/seats in the parliamentary election. That year SBY embarked on a successful presidential campaign in which he handily defeated his main contender, Megawati Sukarnoputri, by a 20 percent margin in the presidential run-off.

In contrast, Golkar's electoral success in the 2004 parliamentary election did not translate into another success in the presidential election. Golkar's presidential candidate, Wiranto, was defeated as he came third in the first round of the two-round election. It is evident that Golkar's voters did not vote for Wiranto and instead threw their support to SBY. This indicates that voter preferences in 2004 were volatile and partisan identification was low. Voters were not 'ideologically' attached to political parties. Rather, they split their preferences between the parliamentary and presidential elections.

Electoral volatility and weak partisan attachment are the two common features of many new democracies.⁸ Intuitively, political parties in a country experiencing a democratic transition are poorly institutiona-

⁸ See for example Scott Mainwaring and Timothy Scully, *Building Democratic Institutions: Party Systems in Latin America* (California: Stanford University Press, 1995)

lized and are not well-rooted in the society. Nevertheless, studies on the Indonesia's 1999 and 2004 elections reveal a more complex picture.

Recent studies on Indonesia's elections suggest that there are two competing theories that explain how the Indonesian electorates vote. The first theory holds that socio-political cleavages determine the election outcome. Socio-political cleavages are voting determinants that will take a long time to change as they are embedded in the society. The evidence for this theory can be drawn from a comparison of two Indonesian elections that were separated from each other by about 40 years. The outcome of the 1999 election, the first free election after the fall of the New Order authoritarian regime, resembled the outcome of the 1955 election, which was known as the first free election in Indonesia's history.⁹

In both elections, approximately half of the Indonesian voters cast a ballot for Islamic parties. In the 1955 election, Islamic parties won 44% of the vote. Meanwhile, in 1999 'Islam-friendly' parties won 56% of the vote.¹⁰ The distribution of the votes to the other 'groups' (secular-nationalist and Christian) more or less remained the same. Tables 2 and 3 below show the results of the two elections.

Table 2. Results of Indonesia's Parliamentary Election in 1955¹¹

Party	Percentage of Vote	Number of Seats Won	Seats in Provisional Parliament
PNI (nationalist)	22.3	57	42
Masyumi (modernist Islam)	20.9	57	44
NU (traditionalist Islam)	18.4	45	8
PKI (communist)	16.4	39	17
PSII (modernist Islam)	2.9	8	4
Parkindo (Nationalist)	2.6	8	5
Partai Katolik	2.0	6	8

⁹ Dwight King, *Half-hearted Reform: Electoral Institutions and the Struggle for Democracy in Indonesia* (Westport: Praeger Publisher, 2003), 121-140.

¹⁰ Anies Baswedan applies two conceptions of "Islamic party": for the 1955 election, the term is strictly used for parties with clear Islamic platform, while in 1999 the term is used for parties that (i) had Islamic platform; (ii) portrayed themselves as inclusive parties, such as PKB of Abdurrahman Wahid and PAN of Amien Rais; (iii) although secular in their appearance, remained inclusive and were largely run by Muslim activists, such as Golkar. Anies Baswedan, "Political Islam in Indonesia: present and future trajectory," *Asian Survey* 44, no.5 (2004): 681.

¹¹ There were other parties and individual candidates that gained insignificant number of votes.

PSI (socialist)	2.0	5	14
IPKI	1.4	4	-
Perti (Conservative Islam)	1.3	4	1

Source: adopted from Herbert Feith, *The Indonesian Elections of 1955* (Ithaca: Modern Indonesia Project Cornell University, 1957)

Table 3. Results of Indonesia’s Parliamentary Election in 1999¹²

Party	Percentage of Votes	Number of Seats Won
PDI-P (Nationalist)	33.73	153
Golkar*	22.43	120
PKB (Traditional Islam)	12.60	51
PPP (Traditional Islam)	10.70	58
PAN (Nationalist-Islam)	7.11	7.36
PBB (Modernist Islam)	1.94	13
PK (Modernist Islam)	1.36	7
PKP (Nationalist)	1.01	4
PNU (Traditional-Islam)	0.64	5
PDI (Nationalist)	0.62	2

Source: adopted from Dwight King, *Half-hearted Reform* (2003), 78. *

Golkar is basically a nationalist party, but as argued by Anies Baswedan, in the last years of the New Order regime and by the time of the 1999 election, Golkar had largely been run by modernist Muslim politicians (see Footnote 2). Based on a simple tabulation analysis of election data and some socio-economic variables taken from the 2000 Indonesian population census, it was found out that ethnicity and religion were the two influential factors that determined the votes in the 1999 election, although they were not the sole determinants.¹³

The first theory of the Indonesian voting behaviour discussed above seems to confirm the ‘freezing’ theory of the European party system proposed by Seymour Lipset and Stein Rokkan. In their classic study, Lipset and Rokkan show that there has been some continuity or ‘freezing’ of the party systems in Europe into the 1960s, as marked by stable support and low votes volatility for political parties along the

¹² There were 48 political parties competing in the 1999 election.
¹³ Leo Suryadinata, Evi Nurvidya Arifin, Aris Ananta, *Indonesia’s Population: Ethnicity and Religion in a Changing Political Landscape* (Singapore: ISEAS, 2003), 3.

lines of the cleavages in the electorates.¹⁴ This continuity or 'freezing' of the party system in Europe in the 1960s was evident as 'they still reflect the original 'cleavage structures' of the 1920s'.¹⁵

In short, the first theory maintains that sociological explanation (or cleavages politics/*politik aliran*) is still relevant to understand the outcomes of the 1955 and 1999 elections and its relations to the voting behaviour of the Indonesian electorates in general. In other words, one can observe a consistent voting pattern in Indonesia in that sociological factors in some ways remain among the key determinants of the election outcome.

The second theory offers a 'rational' explanation of voting. The theory maintains that cleavage politics is in fact in decline. An analysis of survey data on four Indonesian elections (the 1999 and 2004 legislative elections and the two-round 2004 presidential elections) reveals that party leadership and party identification (ID) play a more influential role in shaping voters' preference than sociological variables such as religion and ethnicity (Mujani and Liddle 2007). The second theory presents a counter argument to the first theory that views cultural and socio-economic variables as the most important factors in explaining the voting behaviour in the 1999 and 2004 elections.

Some caveats are in order in regard to the two theories cited above. While addressing the context (sociological/structural factors) of the voting, the first theory lacks information on the psychological aspects of voters' behaviour. On the other hand, the second theory assumes that voters are rational and are capable of making independent choice. Nevertheless, the theory does not show the mechanism through which voters' assess such information as party ID and other cues, so that they continued to vote the way they did. More importantly, the two researches that provide the basis for the two explanations are utilizing two different levels of data sets. Dwight King utilized aggregate data at the district level, while Syaiful Mujani analyzed individual level data that he obtained from opinion surveys.

¹⁴ Seymour Lipset and Stein Rokkan, "Cleavage Structures, Party System and Voter Alignment," in Seymour Lipset and Stein Rokkan (Eds.), *Party Systems and Voter Alignments* (New York: Free Press, 1967).

¹⁵ Peter Mair, "The Freezing Hypothesis: an Evaluation", in Lauri Karvonen and Stein Kuhnle (Eds.), *Party Systems and Voter Alignments Revisited* (London: Routledge, 2001), 27

One can also cast doubt on the second theory. A strong party ID indicates the strong presence of political parties in the electorate. Meanwhile, several studies suggest that party systems in new democratic countries are weak so that it is difficult to expect strong partisan attachment in the new democracies. Therefore, in the new democracies, voter preferences are expected to be volatile as voters frequently switch their preference from one party/candidate to another.

The next part of this paper will present some findings from the three rounds of telephone survey conducted by CSIS during the 2009 presidential election in relations to the second theory of Indonesian voters.

SOME FINDINGS FROM THE 2009 PRESIDENTIAL ELECTION

Indonesia has started to adopt a direct presidential election system in 2002. That year, the parliament (DPR) decided to abandon the indirect electoral system and ruled that the country would have a direct election system not only for the presidential election but also for all levels of the executive branch of government including governors, mayors and regents. Starting with the 2004 presidential election in which SBY emerged as the winner, Indonesian voters then also directly elected their leaders at the local levels since June 2005.

In the 2004 election, SBY started off his presidential campaign with a low number of vote intentions, which was only five percent.¹⁶ Yet, he won by a wide margin of 20% from his contender, the incumbent President Megawati Sukarnoputri, in a run-off.¹⁷ Meanwhile, his party only secured 7.45% of the votes in the parliamentary election. SBY was able to attract voters from other parties. This proves that there was little evidence of partisanship among the Indonesian voters as they did not vote for the tickets of the parties they voted for in the parliamentary election. It also confirms earlier findings that party ID in new democracies is weak as voters easily switch their preferences.

¹⁶ Andy Baker, Barry Ames, Lucio Renno, "Social Context and Campaign Volatility in New Democracies: Network and Neighborhood in Brazil's 2002 Election", *American Journal of Political Science* 50, no.2 (April 2006): 383.

¹⁷ In the first round, the distribution of votes is as follows: SBY/Kalla got 33.57%; Megawati/Hasyim Muzadi got 26.61%, Wiranto/Salahudin Wahid 22.15%, Amien Rais/Siswono 14.66% and Hamzah Haz/Agum Gumelar 3.01%.

Yet, the 2009 election was quite different. It witnessed the incumbents running against each other on a different ticket. President SBY parted away from his Vice President Jusuf Kalla and chose Boediono, a non-party figure, as his vice-presidential candidate. Under the pressure of his party to nominate a ticket of their own, Kalla chose former military general Wiranto, the chairman of Partai Hanura, to be his running-mate. Inevitably, SBY and Jusuf Kalla then struggled to lay claim on the achievements of the government they led during the period of 2004-2009.

Research on presidential election shows the effect of incumbency on presidential voting. There are at least seven advantages generally enjoyed by incumbents.¹⁸ First, when it comes to voting, voters generally experience political inertia so that they tend to make the same vote in two subsequent elections. Second, in term of campaign, sitting presidents know better of what politically works and therefore can easily incorporate it into a successful presidential campaign. Third, incumbents' political parties are usually more unified while parties of the contenders are usually more fragmented due to the struggle to win their nomination. Fourth, undoubtedly sitting presidents can set and control the political and economic agenda. It is the president who makes decisions and is as seen as such by voters. Fifth, sitting presidents can campaign without overtly campaigning. Sixth, contenders face a dilemma. Voters and the media may not like negative campaigns or excessive criticism launched by their campaigns against the incumbents. Yet, contenders need to point out weaknesses and failures of the sitting presidents. Last, incumbents are in a better position to claim success and improvements. Therefore, incumbents can easily point out that voters just need to give them more time to bring more successes.

As the current president, SBY enjoys high approval rating. His party, PD, also came first in the tally during the parliamentary election with about 21% of the votes.

¹⁸ James Campbell, "The American Campaign: U.S Presidential Elections and the National Vote" (College Station: Texas A&M University Press, 2000), cited in Herbert F. Weisberg, "Partisanship and Incumbency in Presidential Elections," *Political Behaviour* 24, no.4 (December 2002):343.

Table 4. Result of the 2009 Parliamentary Election¹⁹

No	Political Party and the presidential/vice presidential candidates	Votes	% Votes 2009	Seats	% Seats 2009
1	Partai Demokrat (PD) - SBY	21,703,137	20.85	150	26.79
2	Golkar – Jusuf Kalla (JK)	15,037,757	14.45	107	19.11
3	PDIP – Megawati Sukarnoputri	14,600,091	14.03	195	16.96
8	Gerindra – Prabowo Subianto	4,646,406	4.46	26	4.64
9	Hanura - Wiranto	3,922,870	3.77	18	3.21

Source: adopted from the General Election Commission (KPU), 2009.

As the incumbent president, however, SBY had all the advantages over Jusuf Kalla. SBY and also his party, PD, witnessed their popularity soaring after the government continuously pushed for populist programmes that included handing out large scale of cash to the poor to compensate for rising fuel prices (known as Direct Cash Transfer/ *Bantuan Langsung Tunai*/BLT). The SBY government also intensified its pro-poor education and health policies prior to the election days.²⁰ On the other hand, Jusuf Kalla is known to be a very active VP, especially in the area of economic policies. In addition, he is also known for his active involvement in constructing peaceful resolution to sectarian conflicts in Aceh, Poso and Ambon that had plagued the country for years.

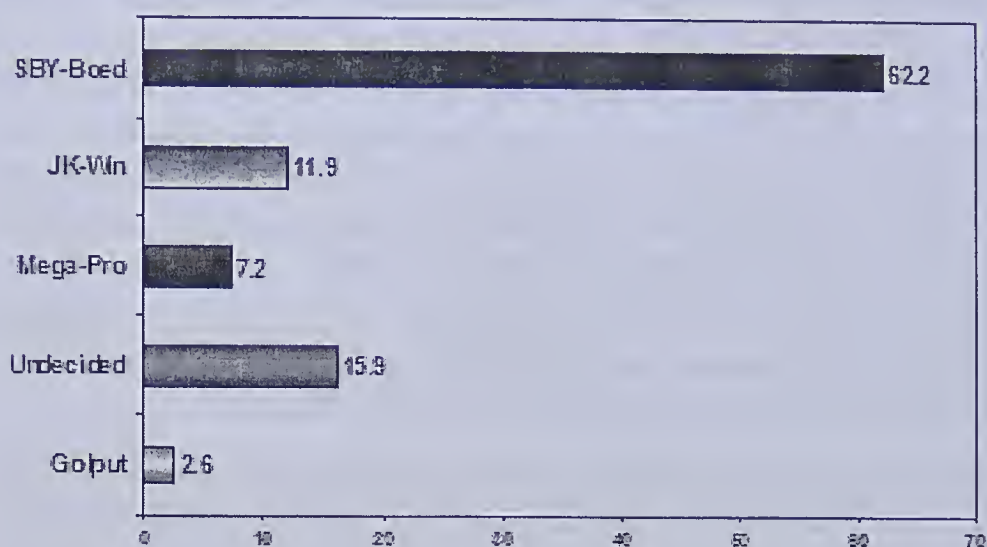
The competition to claim successful government policies were reflected in their aggressive campaign in the media. It must be noted that similar to SBY who in 2004 was launching a campaign faced with a low vote intentions, Jusuf Kalla also faced the same situation. The data from the first round of the telephone survey conducted a month before the presidential election reveals that only 12% of the respondents stated that they intended to vote for Jusuf Kalla.²¹

¹⁹ The table only includes information for parties that nominated presidential/vice-presidential candidates: SBY (PD) paired with a non-party figure Boediono, Megawati Sukarnoputri paired with Prabowo Subianto (Gerindra), Jusuf Kalla (Golkar) paired with Wiranto (Hanura).

²⁰ See Marcus Mietzner's, "Chaos and Consolidation," in *Inside Indonesia*, no. 97 (July-September 2009).

²¹ The three-wave telephone survey is understandably biased against Megawati Sukarnoputri whose supporters are coming from a lower economic class section of the Indonesian population.

Figure 1. Vote Intention – First Poll 8 June 2009



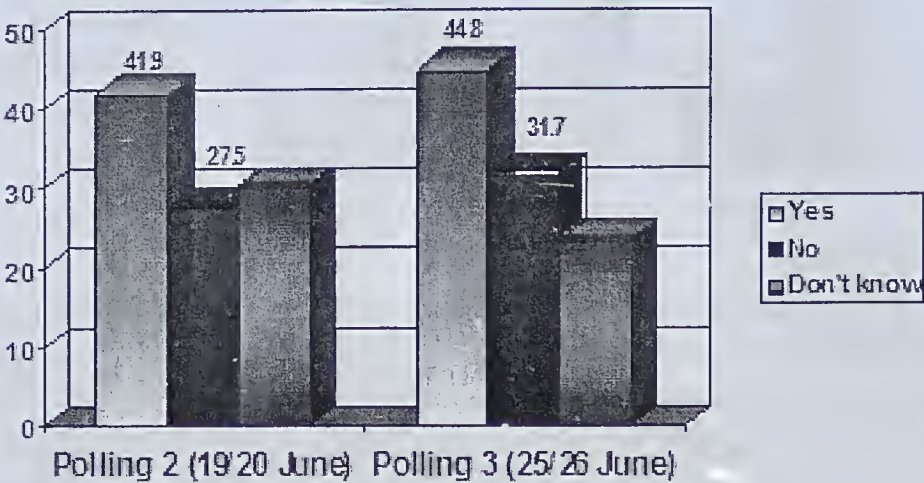
The rivalry between the two camps heightened as the election was approaching. For example, during a campaign in Aceh, Kalla made a blunt statement that the peace agreement between the Free Aceh Movement (GAM) and the Indonesian government was a result of his effort. Kalla indirectly contrasted his resoluteness in making decision to SBY's indecisiveness. Kalla's statement triggered controversy and provoked a strong reaction from the SBY camp.

The SBY camp brushed aside Kalla's claim by stating that at the end of the day it was SBY who made the decision to finally bring the peace into the troubled province. The SBY camp also pointed out that Kalla's statement was unethical given the fact that Kalla was still part of the government and serving as SBY's vice president.²² The controversy perfectly illustrates a dilemma on Jusuf Kalla's part in conducting a campaign against the incumbent president: going negative could trigger a backlash. It turned out that the claim only slightly increased the awareness among the respondents that Jusuf Kalla indeed played a significant role in the peace processes in Aceh (see Figure 2 below).

²² See "SBY camp dismisses Kalla as unethical for Aceh claim," *Jakarta Globe* (14 June 2009) found at <http://thejakartaglobe.com/elections2009/sby-camp-dismisses-kalla-as-unethical-for-aceh-claim/312193>; see also "Jusuf Kalla breaches state ethics in Aceh peace: SBY team," *The Jakarta Post* (15 June 2009) found at <http://www.thejakartapost.com/news/2009/06/15/jusuf-kalla-breaches-state-ethics-aceh-peace-sby-team.html>

Most of the respondents in the eleven provinces reported that they either do not believe that Jusuf Kalla played the role or they simply do not know.

Figure 2. Response to the Question of “Do you believe Jusuf Kalla played an important role in the peace process in Aceh?”

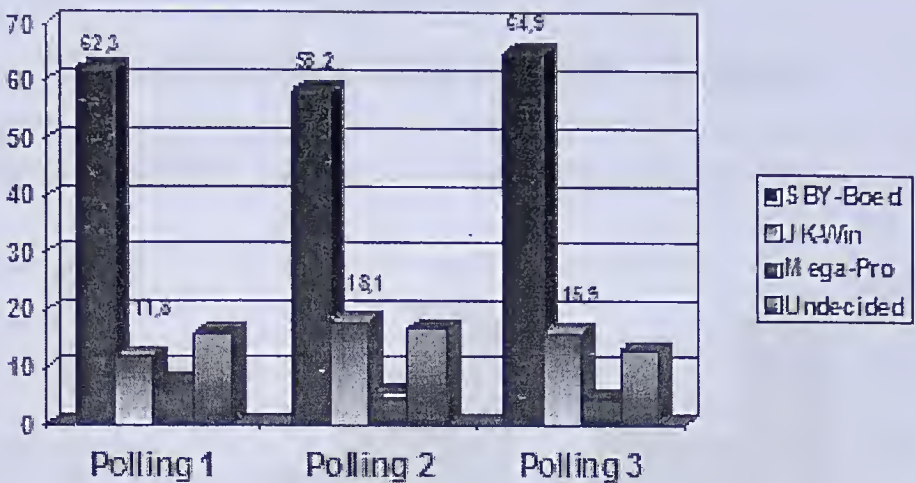


Jusuf Kalla’s claim seems not to resonate with the voters. In the Aceh province, SBY won by a landslide with more than two million votes or 93% of the total votes in the province. In the same province, Jusuf Kalla was only able to gain 97 thousands votes (or a mere 4.35%).²³

However, the three rounds of telephone survey show that votes intentions among the respondents in the eleven provinces fluctuated. The data from the second round of the survey shows that vote intentions for Jusuf Kalla increased significantly from the first round (see Figure 4). One plausible explanation is that Kalla gained sympathy due to his relaxed performance during the first presidential debate organized by the Election Commission (KPU) that was televised nationally.

²³ The result is accessible at http://mediacenter.kpu.go.id/images/mediacenter/pilpres2009/rekapitulasi_nasional.pdf

Figure 3. Vote Intentions



It is discernible that SBY was leading in each round of the survey. SBY's camp launched an extensive media campaign to expose his achievement and created an image of a trustable and able leader.²⁴ The media campaign effectively portrayed SBY's first term in office as a successful one. Numerous references were made to SBY's commitment to eradicate corruption and his responsiveness to the poor people's suffering as a result of the rise of fuel price by extending the government's help through the programmes, such as *Bantuan Langsung Tunai*/BLT (direct cash transfer).

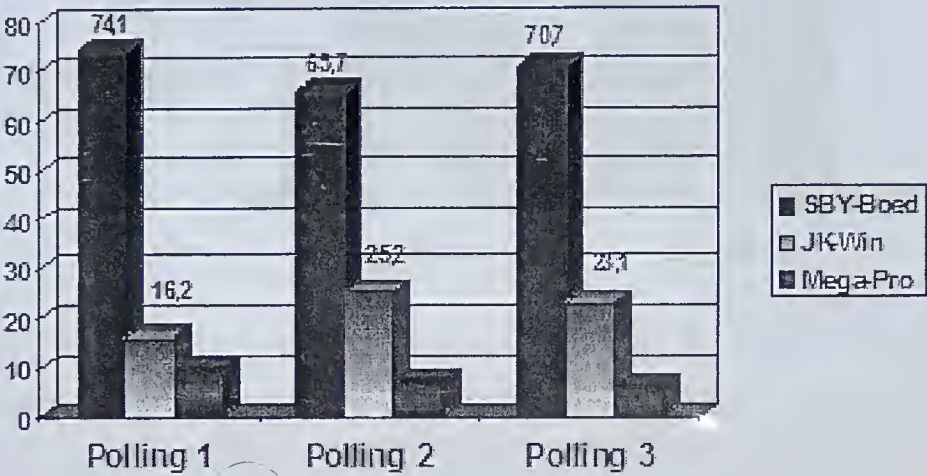
Jusuf Kalla responded to the claim by SBY by stating that the BLT programme was originated from his office. In his personal website, Jusuf Kalla cynically asserted that many parties used the BLT programme as their campaign promises while in fact they initially opposed the programme.²⁵

²⁴ As a matter of fact, according to the Election Commission (KPU) Megawati/Prabowo was the largest recipient of campaign donation. The official figure released by the KPU was that Megawati/Prabowo received 257 billion rupiah. SBY/Boediono and JK/Wiranto collected 207 and 83 billion rupiah respectively. See <http://www.mediaindonesia.com/read/2009/07/07/83913/3/1/Mega-Pro-Penerima-Dana-Kampanye-Terbesar> Meanwhile, during the 2009 parliamentary election, the biggest spender in the media campaign was the Golkar party that spent around 277 billion rupiah, while PD spent around 214 billion rupiah. However, there are discrepancies between the figures reported by the political parties to the KPU and their actual campaign expenditures. See the Indonesian Corruption Watch's report at <http://antikorupsi.org/indo/content/view/14684/6/>

²⁵ Accessed from <http://www.jusufkalla.info/blog/blog-detil/item/mengapa-golkar-tidak-angkat-isu-blt/>

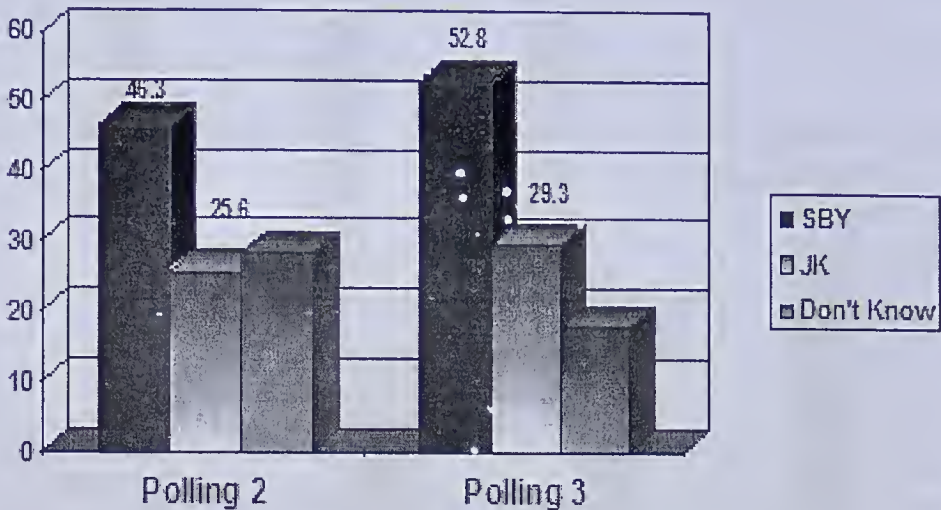
The media campaign launched by the SBY team bore some fruits as more than seventy percent of the respondents stated that they saw the SBY’s media advertisement more frequently than that of the other two candidates’.

Figure 4. Response to the Question of “Whose commercial do you see most?”



Meanwhile, as it was the case regarding the Aceh peace issue, Jusuf Kalla had to face the fact that voters did not recognize his role in initiating the BLT programme (see Figure 5). In the second round of the survey, about 46% of the respondents attributed the BLT policy to SBY, while only 26% believed that Jusuf Kalla was the initiator of the programme. SBY even obtained more recognition in the third round of the survey as more than 50% of the respondents in the eleven provinces stated their confidence that it was SBY who played a major role in formulating the pro-poor policy, while only 29% mentioned Jusuf Kalla.

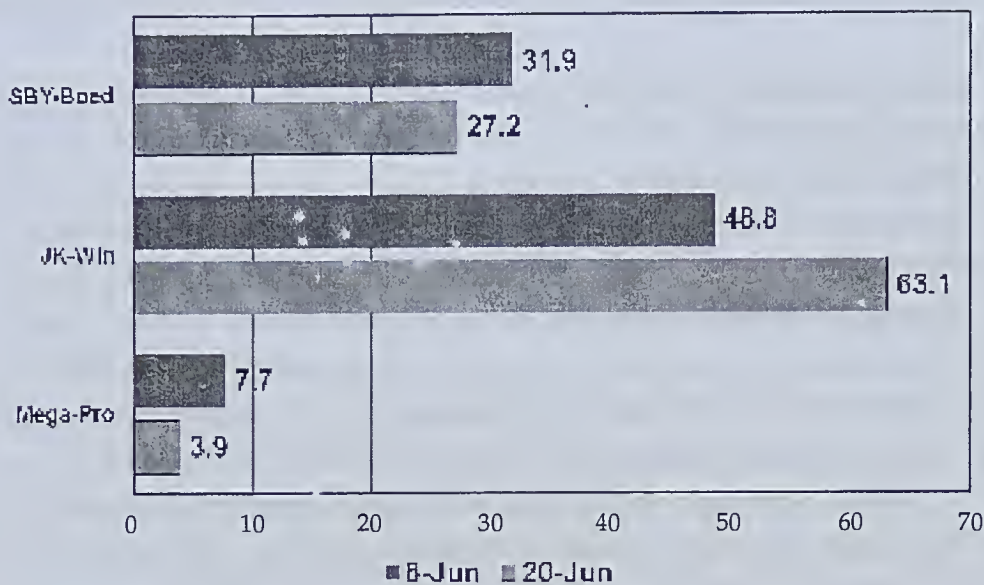
Figure 5. Response to the Question of "Who plays the major role – BLT?"



Eventually, SBY/Boediono handily won the election by obtaining 60.80% of the vote, while Megawati/Prabowo and Jusuf Kalla /Wiranto each got 26.79% and 12.41% of the votes, respectively. As a matter of fact, this should not be a disappointment for Jusuf Kalla. The reason is that the Golkar party won 14.45% of the votes in the parliamentary election (see Table 3). In other words, it is likely that most voters of Golkar maintain a high degree of attachment to their party by voting for the presidential candidate of the party in the presidential election.

Therefore, some words on the so-called 'votes volatility' commonly found in new democracies need to be spelled out. The results of the three rounds of telephone survey show a mixed picture. In the second telephone survey, among respondents who reported that they voted for the Golkar party in the 2009 parliamentary election, 63% stated that they would vote for Jusuf Kalla in the presidential election. It was an increase from approximately 49% of the Golkar's voters in the first round of the telephone survey. Meanwhile, the number of Golkar voters who intended to vote for SBY decreased during the same period (see Figure 6).

Figure 6. Votes Intention among the Golkar Party's Voters**



** Survey question: "If the election is held today, which pair of candidate are you going to vote?"

The cause of the fluctuation among the Golkar votes in the eleven provinces can be plausibly attributed to the intensity of campaign by all the candidates. If the three rounds of telephone surveys are an indication, it is safe to conclude that middle class voters were the reservoir of votes for Jusuf Kalla or the Golkar party.

CONCLUSION

The paper has discussed the competition among SBY and Jusuf Kalla, the two incumbents, during the 2009 presidential election. The discussion points out that a sitting-president has a lot more advantages than other candidates. The current president can set the agenda and enjoys more recognition from the voters. From the two examples discussed above, namely the peace process in Aceh and the BLT policy, it is clear that SBY earned most of the credits than Jusuf Kalla did.

While it is obvious that SBY always led in the three telephone surveys, some fluctuations in vote intentions were noticeable. This is particularly the case with Jusuf Kalla. Figure 3 reveals how the vote intentions for Jusuf Kalla fluctuated. Yet, the Golkar voters in eleven provinces were pretty loyal as more than 50% eventually voted for

him. In the end, Jusuf Kalla won 12.4% of the total votes which was not far from the 14.45% of the votes won by his party in the parliamentary election.

Lastly, although more research is undoubtedly needed, it can be observed that the direct election system has a major impact on the way the presidential campaign is conducted. Although at this point a firm conclusion cannot be made, SBY was the most visible candidate to the voters through his campaign commercials (Figure 4) and the voters noticed that fact. Media campaign, through print and electronic media, seems to be the new way of campaign through which candidates can easily reach voters. Therefore, the personality of candidates matters more than the party machinery. If this is the case, it is probably true that Indonesia is going in the direction of the so-called 'presidentialization' of politics in which presidential candidates will rely more on his personal charisma and network than on his party machinery.

APPENDIX

- The three rounds of telephone surveys were conducted in June 2009, a month before the presidential elections took place. The first round was conducted with 1010 respondents on 5-6 June 2009, the second with 1039 respondents on 19-20 June 2009, and the third with 1059 respondents on 25-26 June 2009;
- The first survey captured nine most populated provinces in Indonesia. Capital cities and two regencies were chosen from each of the eleven provinces. In the second and third surveys, two provinces (Aceh and West Sumatera) were added;
- The sample frame is the telephone book (White Pages) published by PT. Infomedia Nusantara. From the book, 40 phone numbers in each province (distributed in the capital cities and two regencies) were randomly selected;
- The cities and regencies in the first round were: Bandung, Kuningan, Garut, Kebumen, Wonosobo, Semarang, Bondowoso, Magetan, Surabaya, Cilegon, Serang, Tangerang, West Jakarta, South Jakarta, Central Jakarta, Sibolga, Tanjung Balai Asahan, Medan, Palembang, Baturaja,

Muara Enim, Bandar Lampung, Metro, Makassar, Enrekang, Pinrang;

- The cities and regencies in the second and third rounds were: Bandung, Kuningan, Garut, Kebumen, Wonosobo, Semarang, Bondowoso, Magetan, Surabaya, Cilegon, Serang, Tangerang, West Jakarta, South Jakarta, Sibolga, Medan, Palembang, Baturaja, Bandar Lampung, Metro, Makassar, Enrekang, Pinrang, Lhokseumawe, Takeungon, Banda Aceh, Padang, Pariaman, Padang, Sumenep, Bangkalan, Pamekasan, Sampang.

PRELIMINARY ANALYSIS OF THE INDONESIAN VOTER BEHAVIOUR IN THE 2009 LEGISLATIVE ELECTION

Nico Harjanto

INTRODUCTION

Indonesian voters went to the polling stations on 9 April to choose the legislatures and on 8 July 2009 to elect the president. Although the election was poorly administered by the General Election Commission (KPU), there was no evidence of massive and systematic fraud. The election went peacefully with a turnout of around 70.9%, although 10.3% of the total votes were invalid and millions of eligible voters did not vote or could not exercise their rights as they were not registered. Election disputes occurred in several places that after the rulings of the Constitutional Court required recounting or re-voting. Problems also occurred in the seat distribution process as the Supreme Court and the Constitutional Court issued different rulings on this matter and there were also mistakes committed by local election commissions that affected the allocation of seats to several parties.

The election results were not really surprising, as several surveys conducted months or weeks before the election had revealed that the Democratic Party (PD) could be the most probable winner. As the political vehicle of the incumbent President Susilo Bambang Yudhoyono (SBY), PD enjoyed electoral luck from the good approval rating for SBY

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in the months leading to the election. His popularity once dived to the lowest level in May 2008 as the result of his unpopular but correct policy to reduce the subsidy on domestic petroleum prices. But then he succeeded to regain public trust after introducing various populist government programs. As a consequence, PD scooped 20.8 % of the popular votes, almost tripled than its vote share in 2004. PD's soaring share had beaten its big competitors such as former Suharto's party (the Golongan Karya or Golkar/the Functional Group), and the uninspiring opposition party (Partai Demokrasi Indonesia Perjuangan or PDIP/the Indonesian Democratic Party of Struggle) led by the former President Megawati.. Golkar Party secured only 14.45 % and PDI-P came third with 14.03 % of the total votes.

With experience in dozens of free and fair elections since the return of democracy in 1999, are Indonesian voters more politically savvy than before? What does electoral experience teach the majority of voters? Is there any continuation or discontinuation of political preference among electorates? In general, however, the majority of Indonesian voters remain to be traditional voters, with unchanged voting behaviour and political preferences. Party choice can be different, but voters in most areas vote for parties having the same ideological platform. Party switching across ideological lineage by voters is not yet a significant development. Voters can be swayed, but only by parties and elites from similar political background. This article provides a preliminary analysis of the continuation and discontinuation of voter behaviour, especially in the legislative election in which the individual and party contest was observed.

THE 2009 LEGISLATIVE ELECTION: ELECTORAL SYSTEM AND RESULT

For the 2009 legislative election, the Proportional Representation (PR) system was changed twice before the election took place on 9 April 2009. The initial system put a 30% threshold for candidates in order to bypass their ranking in the list to receive seats if their parties win seats in their electoral district. However, after being challenged by some politicians in the Constitutional Court in December 2008, the election was conducted on a pure open-list PR system. This means

whoever receives the most votes in the party list, regardless of his/her position in the list, will be entitled to a seat if his/her party wins a seat. This has changed the nature of the electoral competition, as parties not only competed against each other, but candidates from the same party also competed harshly against each other in order to get the most votes. This inter- and intra-party competition resulted in a heated pre-election period. The range of district magnitude was also lowered into 3 to 10 (from 3 to 12) seats for each electoral district. The law also divided Indonesia into 76 electoral districts which cannot be changed by the National Election Commission (KPU).

There were 38 parties competing for 560 seats at the national level and six local parties were eligible to contest for local DPR seats in Aceh. The electoral threshold was not applied fully as the new election law allowed 17 small parties with few representatives in the DPR to contest in the election. This surely was the main reason for the increase of contestants. New parties contesting in the election were either established by splintering groups (like in the case of Christian parties) or former high ranking officials/public figures (and former generals like Wiranto's Hanura Party and Prabowo Subianto's Gerindra Party). Meanwhile, as part of the peace agreement with the former rebel group, Free Aceh Movement (GAM), the KPU verified six local parties to contest for seats at the provincial and district or city level of the legislative body. Three of the local parties were established by former rebel leaders. They competed against 38 other national parties, making the election in Aceh the most competitive in terms of the number of contestants.

For the 2009 election, the law permitted parties to start campaigning since late July 2008, although open rallies and mass campaigns could only be held for three weeks in March 2009. With the lengthened campaign period, parties with strong financial resources could bombard expensive Indonesian airwaves through series of television and radio advertisements. Other outdoor advertisement mediums were also extensively used to attract voters' attention. Another important feature of the 2009 election system was the adoption of the 2.5 % parliamentary threshold (PT) besides the 3.5%% electoral threshold (ET). The PT has knocked out small parties with vote shares less than 2.5%% nationally as they were left out in the seat distribution. However, re-

The 2009 legislative election results can be seen in the Table 1 below. PD as the incumbent's party won the election and its vote share increased almost three times, from 7.45% in 2004 to 20.85% in 2009. PD won the most votes in 27 out of 33 provinces and its seats increased from 56 in 2004 to 150 seats. The winner in the 2004 election, Golkar Party, came second. Its vote share dropped from 21.58 % in 2004 to 14.45% in 2009. Golkar Party won only in five provinces: South Sulawesi, Central Sulawesi, North Maluku, Maluku, and West Papua. Meanwhile, the opposition party PDIP also suffered significant losses as its vote share decreased from 18.53% in 2004 to 14.03% in 2009, and won only in Bali Province. The second biggest loser was PKB that gained only 4.94% of popular vote, from 10.57% in 2004. PKB even lost in its traditional stronghold of East Java Province to PD due to internal conflicts that forced its former patron, Abdurrahman Wahid, to step down from the party's advisory board.

No	Political Party	Votes	% Votes 2009	Seats	% Seats 2009	% Votes 2004	% Seats 2004	Δ % Votes	Δ % Seats
1	Demokrat (Democratic Party)	21,703,137	20.85	150	26.79	7.45	10.18	13.4	16.61
2	Golkar (Functional Group Party)	15,037,757	14.45	107	19.11	21.58	23.09	-7.13	-3.98
3	PDIP (Indonesian Democratic Party of Struggle)	14,600,091	14.03	95	16.96	18.53	19.82	-4.5	-2.86
4	PKS (Prosperous Justice Party)	8,206,955	7.88	57	10.18	7.34	8.18	0.54	2.00
5	PAN (National Mandate Party)	6,254,580	6.01	43	7.68	6.43	9.45	-0.42	-1.77
6	PPP (United Development Party)	5,533,214	5.32	37	6.61	8.15	10.55	-2.83	-3.94
7	PKB (National Awakening Party)	5,146,122	4.94	27	4.82	10.57	9.45	-5.63	-4.63
8	Gerindra (Greater Indonesia Movement Party)	4,646,406	4.46	26	4.64	na	na	4.46	4.64
9	Hanura (People's Conscience Party)	3,922,870	3.77	18	3.21	na	na	3.77	3.21
10	Others (29 parties that did not pass PT of 2.5%)	15,058,406	18.30	0	0	na	na	na	na
	Total	104,095,847	100	560	100	Seats for 2004: 550			

Invalid Votes: 17,488,581 (10.21%); Not Voting Voters: 49,677,076 (29.01%) Registered Voters: 171,265,442

Source: KPU, 9 May 2009

Among Islamic parties, only PKS did relatively well, with its vote share increasing by 0.54 %, from 7.34 % in 2004 to 7.88% in 2009. This is quite disappointing for PKS elites that targeted a gain to at least 15 %. This result was likely caused by political blunders that stirred controversies within the rank and file of PKS and with other potential supporters. In 2008 for example, several PKS leaders tried to lure centrist voters by declaring that PKS would become an open party. This had caused an internal rift as the majority of its cadres did not support this idea. Then, PKS also tried to attract nationalist and pragmatist voters by airing television commercials and other advertisements using figures like former Presidents Soekarno and Soeharto. These advertisements received negative responses from various segments of society that accused PKS of deceiving nationalist voters or trying to glorify Soeharto. Meanwhile, another Islamic party, PPP, suffered significant losses with vote share decreasing from 8.15 % in 2004 to 5.32 % in 2009. This loss appeared to have been caused also by internal conflicts, especially between the *Nahdlatul Ulama* faction and the *Muslimin Indonesia* faction. Another Islamic-friendly party, PAN, suffered only minor losses in terms of vote share, although its seats decreased from 53 in 2004 to 43 seats in 2009.

There are only two new parties that could pass the 2.5% parliamentary threshold (PT). The first one is Gerindra, led by former Soeharto's son-in-law, Lt.Gen. (Ret) Prabowo Subiyanto, that secured 4.46% of the popular votes. Many observers predicted that Gerindra would become a "middle party" as its aggressive media advertisements and societal mobilization programs had penetrated various segments of the electorates, from farmers and fishermen to workers and professionals. Prabowo was the richest party chairman during the election, and his populist rhetoric had attracted attention from young as well as traditional voters. However, the result was quite disappointing for Gerindra, as they had spent hundreds of billions rupiahs to build the image as an alternative and progressive party. The second one is Hanura Party—led by former Indonesian armed forces commander, Gen. (Ret) Wiranto—that gained only 3.77 % of the popular votes.

In terms of the mechanical effect of the electoral system, the adoption of PT of 2.5 % and the range of district magnitude between 3 to 10 seats has increased the deviation of proportionality(D). For the 2009 election, the value of D is 9.82 %¹, which is an increase from 9.69 %

for the 2004 election and 5.8 % for 1999 election. The value of D refers to the discrepancy between seat share and vote share that each party receives. In the list-PR system with single electoral district, the value of D should be closer to 0. The 2009 election was also quite competitive. By using the inverse of the Herfindahl-Hirschman (HH) index, the effective number of electoral parties (N_v) for the 2009 election was 9.6 parties. This means that there were about 9 relatively good performing parties in the election and another one was on the edge of becoming an effective party. This number was also an increase from 8.6 parties for the 2004 election and 5.06 parties for the 1999 election.² However, the adoption of PT reduces the effective number of assembly parties. For the 2009 election, the effective number of assembly parties (N_s) was 6.1 parties, while for 2004 election it was 7.1 parties and for 1999 election it was 4.72 parties.³ This means that parties like PKB, Gerindra, and Hanura will not become effective forces in the legislative unless they join the government parties or other bigger parties to form an opposition.

CONTINUATION AND DISCONTINUATION OF VOTER BEHAVIOUR

The 2009 legislative election results indicate several interesting points regarding voting behaviour in Indonesia. The poor performance of Islamic parties could indicate a shift in political preference among majority Muslim voters. On the other hand, the decrease of vote share of PDIP and other Soekarnoist parties could indicate that ideological voters have declined. Also, the victory of PD has indicated that voters become more rational as they value leadership more than other traditional bonds or groupings. But, are these indications empirically grounded? Is there any continuity or even discontinuity of voter behaviour in Indonesia?

In the literature on voting behaviour, there are various explanations on how voters vote. There are at least four schools of thought on voting behaviour orthodoxies.⁴ First is the Columbia School which gives emphasis on the short-term and group influences. This is in line with the sociological approach. Second is the Michigan School that stresses the social-psychological approach to explain the stabilizing role of the fixed psychological predisposition, particularly party identification, in influencing voting behaviour. Third is the economic ap-

proach with rational choice theory as the foundation to explain key issues and rationality of voters in making conscious and intentional political choices. The last one is the system biases which emphasize on the effects of mechanisms in election to voting behaviour.

Another categorization of theories on voting behaviour is based on the major paradigmatic theories in political science: structural/institutionalism, rational choice, and cultural theories. Institutional theories focus on how political and social institutions shape the preference of the voters and rational choice theories emphasize socio-economic determinants that affect the vote choice in the election. On the other hand, cultural explanations give emphasis on how social settings, like the type of society or dominant social institutions, strengthen or weaken voters' preferences. In this tradition, the role of elites and the personalities of the politicians are also important factors in the analysis.

The economic voting theories that follow the rational choice approach assume that there is a "strong relationship between macro economic conditions and government popularity and political support... [and] voters are—or at least in the aggregate behave as if they were—relatively sophisticated, conforming to rational expectations or at least limited rationality." Therefore, according to this theory, "voters are policy-oriented and prospective, making election decisions on the basis of the future implications that the candidates' or parties' policy positions have for the national economy and their own personal welfare."⁵

In line with the popular rational choice approach, there is a proposed series of vote models based on the "funnel of causality" device.⁶ These models explain that voters' political preference is usually path-dependent, as there is always considerable continuity in their preferences. These predispositions could be based either on "broad agreement with the party's longstanding values (their ideological positions) or on an emotional attachment to a party (their party identification). They are rooted in the enduring features of peoples' lives: their social class, religion, ethnic group, types of neighborhood, and so on."⁷ These models assume that "voters' partisan predispositions are partly a function of their socioeconomic characteristics."

In the electoral behaviour literature, the loss of a major party in the election is usually also perceived as affected by or related to the weakening of partisan attachment. This phenomenon is common in

advanced democracies. The signs for the phenomenon of party decline can be seen in the weakening party identification and involvement, disengagement with the preferred political party, or widening apathy towards party politics. The weakening of partisan attachment in advanced industrial societies is widely generalized into a thesis of *partisan dealignment*.⁸

In the context of Indonesia, partisan de-alignment is too premature to be examined as most Indonesian voters do not ideologically or officially affiliate themselves to any political party. In the past, electoral behaviour of Indonesian voters resembled the patronage, traditional-based pattern. Public figures, be they Islamic scholars, bureaucrats, politicians, or traditional leaders, strongly influenced voters' preference. Also, social cleavages, or commonly known as *aliran*, became important factors that shaped voters' preference. Following the seminal study by Clifford Geertz, these cleavages consist of *santri* (pious Muslim), *abangan* (syncretic), and *priyayi* (aristocrat/bureaucrat). In the political context, these cleavages are translated into Islamic-oriented forces, nationalist forces, and pragmatic forces. Under the Soeharto regime, these forces were channeled into three political parties: Islamic-oriented party of *Partai Persatuan Pembangunan/PPP* (United Development Party), nationalist-oriented party of *Partai Demokrasi Indonesia/PDI* (Indonesian Democratic Party), and pragmatic, catch-all party of *Golongan Karya/Gokar* (Functional Groups). In short, socio-cultural factors matter in determining electoral behaviour of Indonesian voters. This socio-cultural explanation leads to the *aliran* thesis.

Based on structural, cultural, and rational choice theories, there are at least three major explanations on how voters in Indonesia vote. First, is the institutional thesis that put greater emphasis on the existence and roles of institutions (from religion, government, to mass media) in shaping voting preference and behaviour. Second, is the *aliran* thesis that argues for the importance of socio-cultural cleavages and traditional figures in determining electoral behaviour. Finally, it is the rationality thesis that views the voting behaviour as mostly driven by voters' expectations and socio-economic characteristics. The next section will discuss these explanations based on the individual level data gathered from a nationwide survey and the aggregate data compiled from election results in hundreds of district and city across Indonesia.

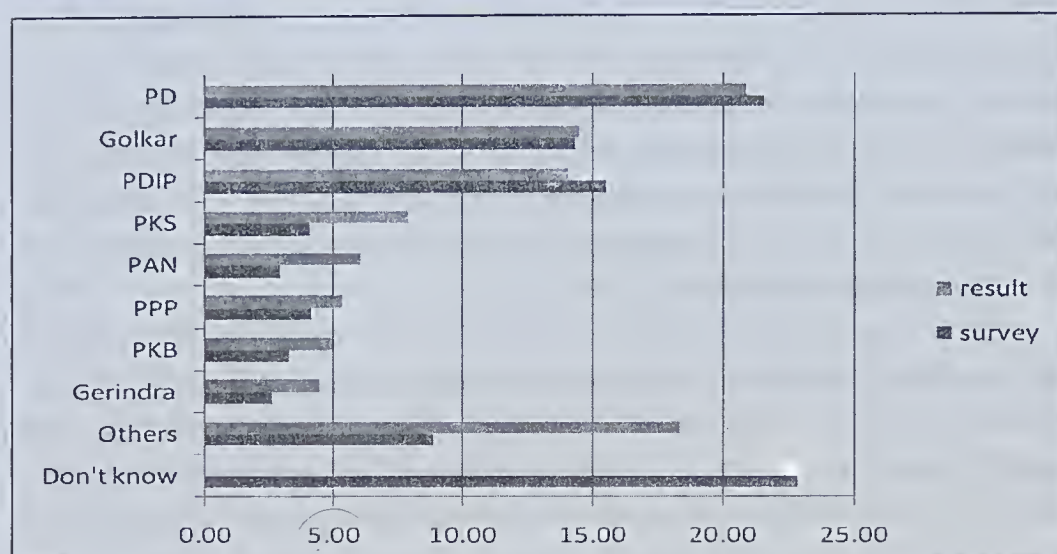
Indicative Evidence: Findings from Surveys

The result of nationwide survey conducted in February 2009 by a 'consortium' of researchers from CSIS, LP3ES, PUSKAPOL-UI, and LIPi⁹ is used to explain contemporary Indonesian voter behaviour. The survey was conducted in all 33 provinces of Indonesia with 2957 valid respondents from 150 villages. Respondents were selected based on a multi-stage random sampling method. Every province was given a quota of sample that was proportional to its population size, with minor adjustments for few provinces. Within each province several villages that reflected urban and rural characteristics were randomly selected and then several neighborhood associations (RT/*Rukun Tetangga*) were also randomly selected in each village. From each RT based on the list of households, ten households were randomly selected and within each household one respondent was randomly picked. Respondents must be at least 17 years old or married, or those who are entitled to vote. The data collection was done through one-on-one face-to-face interview from 9 - 20 February 2009 using questionnaire with mixed of closed, semi-open, and open questions. With this sampling method, the survey could represent the views of adult population who were eligible to vote in 2009, and with the size of sample the margin of error for this survey was $\pm 1.8\%$ at the 95% level of confidence.

The survey revealed many interesting findings. In terms of the party preference that could reflect the popularity and electability of contestants, PD gained the most votes with 21.52% of respondents stating that they would vote for PD if the election was held on the day the survey was conducted. The opposition party of PDIP received the second most support with 15.51%, followed by Golkar Party with 14.27%. The only new political party that could pass the 2.5% parliamentary threshold (PT) was Gerindra Party with 2.6%. However, there was still large number of voters who had not made up their mind on the party they would choose. More than 22% of respondents who did not have a voting preference were distributed almost equally between Java and outer Java or between the sexes. More than half of these undecided voters were aged between 31 to 50 years old. From these undecided voters, around 22% voted for PD, 16.5% for PDIP, and 12.3% for Golkar Party in the 2004 election. Graph 1 shows the finding from surveys and the election result. Although the survey was conducted two months

before the election, it could capture the political preference of voters almost accurately as most discrepancies between survey finding and election result were in the range of $\pm 1.8\%$ margin of error. The finding from this survey was the closest to the actual election result compared to other surveys.

Graph 1 Party Preference and Election Result 2009



The survey finding and election result could not be imagined a year before the election took place. After the government reduced the subsidy on domestic petroleum prices in May 2008, the SBY and PD popularity was at the lowest level. Several surveys conducted in May to July 2008 showed that if the election was held during those days, PDIP and Megawati would win. Therefore, it is important to see what had happened in the period between the unpopular oil price hike in May 2008 to April 2009 that altered the electoral luck of PD and SBY. There are several possible explanations for the spike of PD's popularity in the electorate and the sharp decline of PDIP and Golkar Party since June 2008. One explanation relates to the government's populist programmes. Since mid 2008, the government executed various programmes that have an effect on millions of people. Programmes like *Bantuan Langsung Tunai/BLT* (Direct Cash Assistance Programme) which provided cash to registered poor people to offset the increase of the price of basic food stuffs and *Program Nasional Pemberdayaan*

Masyarakat/PNPM (the National Program to Empower Society) that distributed substantial amount of money to less developed villages started to reach those in need in the last quarter of 2008. With other populist programs also running on high gear, the government was slowly regaining the trust from poor people.

The populist programme continued with the lowering petroleum prices three times since December 2008, thanks to the cheaper oil price in the international market. Claimed to be the first in Indonesian history, SBY and PD capitalized on this policy as the work and goodwill of the government to ease the burden of Indonesians. Weeks before the election, the government distributed the BLT again, paid pensioners and gave one month bonus salary to civil servants that strengthened SBY's patronage. As a consequence, PD enjoyed electoral fortunes from the rising popularity of SBY.

Another explanation relates to the structure of competition. With the worsening economic crisis that also hit Indonesia, most parties could not mobilize necessary funding to finance their campaign, especially through expensive advertisements in the commercial television stations. However, with power in hand, SBY and PD could easily collect donations from various sources and used them to buy airtime, put series of advertisement, mobilize grass root supporters, and oil the political machines across Indonesia. SBY and PD could also attract affluent cadres to be nominated for legislative seats, and with the current system of pure open list proportional representation, these candidates could strengthen the grip of PD and SBY in the electorate with their campaign efforts. PD was also organizationally quite solid with SBY acting as the chief patron. PD and PDIP were the two only major parties that had clear presidential candidates since the early stages of election started in 2008. On the other hand, Golkar Party as the winner in the 2004 election was plagued with internal conflicts due to the problem with the party's presidential nomination, and as a consequence it could not capitalize on a presidential candidate to attract voters or solidify supporters.

Economic Voting

Another interesting finding from this survey was on the influence of economic evaluation on political preference. For rational choice

theorists, voters will try to maximize the usefulness of their political choice in the election and the state of economy will have an effect on the support for government parties.¹⁰ Therefore, they will likely not to vote for parties that fail to deliver campaign promises or improve the well-being of the voters. In doing so, voters will usually assess the economic condition that affects directly or indirectly their livelihood in the last one or two years. Voters that are influenced heavily by economic considerations, as the economic voting model suggests, will punish non-performing parties, especially the incumbents, and vote for promising parties. In the context of Indonesian politics, the major incumbent parties were PD and Golkar Party, while the opposition was PDIP. Although there were many other small and medium size parties joining the cabinet, their position as government or incumbent parties was less visible due to their occasional criticism against several government policies.

The likelihood of voting for incumbent parties became larger among voters who positively evaluated the economic condition in the last one year as they will associate progress with the good government performance. In terms of the effect of retrospective evaluation, the survey revealed the expected finding as shown in Table 2. Voters who evaluated that their economic situation since last year was improving had higher probability to vote for the incumbent parties of PD and Golkar. Among those with positive evaluation (those who say economic condition has been improving since last year), the probability of voting for PD and Golkar was 3.8 times larger than the probability of voting for the opposition (PDIP), while the probability of voting for the incumbent among those who evaluate the situation neutrally (economic condition remained the same since last year) was 2.3 times larger than for the opposition. Meanwhile, among voters who poorly evaluated the performance of government, the probability of voting for PDIP (the opposition) was 1.6 times larger than the probability of voting for PD and 2.1 times larger than for the Golkar Party.

Table 2 Retrospective Evaluation and Party Choice 2009 (Row Percentage)

		Party Choice in 2009						
		PD	PDIP	Golkar	PKS	PKB	Gerindra	Others
The economic situation since last year	Better	34.5%	14.6%	20.6%	5.6%	4.4%	2.7%	17.7%
	Same	28.1%	20.6%	18.9%	5.7%	4.4%	3.3%	19.1%
	Worse	19.1%	30.0%	14.6	4.8%	4.0%	5.5%	21.9%

Besides making retrospective evaluation, voters usually also make an evaluation of the future situation if one party or candidate wins the election. Surely, well-informed voters will be able to make a better prospective evaluation. Voters who feel and think that the economic situation in the following year will improve are likely to vote more for the incumbent than for the opposition. This can be justified by the survey as shown in Table 3. The likelihood of voters who gave positive prospective evaluation to vote for the incumbent parties (PD and Golkar) was 2.44 times larger than the probability of voting for PDIP. On the other hand, those who were pessimistic about the future of the economy tend to vote for opposition, with a probability of voting for PDIP 4.6 times larger than the probability of voting for PD.

Table 4 Prospective Evaluation and Party Choice 2009 (Row Percentage)

		Party Choice in 2009						
		PD	PDIP	Golkar	PKS	PKB	Gerindra	Others
Next year's economy	Better	29.9%	20.0%	18.9%	5.2%	3.3%	3.3%	19.5%
	Same	27.5%	22.5%	15.3%	4.1%	6.3%	4.8%	19.4%
	Worse	7.5%	34.1%	14.6%	2.4%	2.4%	7.3%	31.7%

From this evaluation a clear pattern emerges of the voting preference among Indonesian voters. Those who feel that the economy is better compared to last year or those who think that the economy in the future will be better tend to vote for the incumbent party. This means that voters appreciate the incumbent's performance. On the other hand, voters who are negative in their retrospective and pessimistic prospective evaluations will exhibit a higher probability to vote

for the non-incumbent than for the incumbent. Is this an indication of a more sophisticated, rational voter? Further analysis will be needed to conclude on this.

Endogenous Voting

The survey also revealed a pattern of endogenous voting that could explain the continuity of cleavage politics (or commonly known as *politik aliran*) in Indonesia. Endogenous voting refers to political preference of voters that is influenced by their choice in the past election. Voters who vote for or have a preference towards the same party are believed to have a strong party attachment; and therefore, their choice is endogenous as it is based on their internalized preference over time. From Table 4, it is obvious that the majority of voters will likely vote for the same party in the next election. More than 66% of those who voted for PD in 2004 said they would vote again for PD in the 2009 election, while for PKS it was slightly below 60%. If we review PD's victory, the increase in its vote share from around 7% in the 2004 election to more than 21% in the 2009 election appeared to have been contributed, in large part, by those who voted for PDIP, Golkar, and PKB in the 2004 election. It is possible that significant number of PKS voters in 2004 changed their party choice to PD in 2009, but PKS could also attract almost similar number of voters from other modernist Islam-based parties.

Table 4 Endogenous Voting

		2009 Preference				
		PD	PDIP	Golkar	PKS	SBY Presidency is Good
2004 Vote Choice	PD	66.4%	6.6%	5.0%	2.8%	93.5%
	PDIP	11.6%	69.2%	3.8%	1.2%	85.0%
	Golkar	17.3%	3.4%	64.8%	0.7%	95.2%
	PKS	16.9%	5.1%	3.4%	59.3%	92.5%
	PKB	12.6%	12.6%	4.2%	2.1%	89.7%

As shown in Table 4 and further analysis of the data, only a fraction of those who voted for the nationalist (*abangan*) parties like PDIP, Golkar Party, or PD will not give their vote to a puritan, modernist, Islamic party like PKS that often represents the *santri* political culture. The same also applies to traditionalist Moslems who supported

Nahdlatul Ulama-based party, PKB. Only few of them will vote for the modernist Islamic party like PKS. This, to some extent, indicates that Indonesian voters remain compartmentalized along *aliran* politics, and only few numbers of them will jump from one particular political grouping to the opposite ones.

Preliminary Empirical Evidence: Vote Circulation from 2004 to 2009 Elections

The analysis in this section is only preliminary due to the incomplete data or changes of election result due to the recounting or re-voting in several areas. The data used here is taken from the manual data entry of recapitulation forms used in the KPU's final counting process. Unfortunately, there are still many discrepancies and missing data, and with many new districts and cities since 2004 data synchronization between these two elections is challenging. It also is preliminary as the analysis will focus only on finding the explanation for the vote increase of PD, using simple correlation procedure and robust Ordinary Least-Square (OLS) regression. For a comprehensive empirical analysis, many additional steps should be taken, from completing and cleaning the data set to synchronizing it into the 2004 format so that comparison can be made.

The first part of the analysis is to see whether there is a pattern of continuing or expanding support towards PD in most districts/cities across Indonesia from 2004 to 2009 elections. Intuitively, we would guess that PD must be receiving votes from various segments of the electorate since all of the old parties except PKS experienced vote decline. This is understandable as PD seems to have emerged as the real catch-all party with broad and less defined ideology and its electoral fortune depends on the approval rating of its chief patron, incumbent President SBY. This is confirmed by a correlation analysis of the 2004 and 2009 election results in districts and cities across Indonesia as presented in Table 5.

PD did well in areas where most parties performed well in 2004, regardless of ideological or platform differences. The strong correlation coefficients of vote share in 2004 from those parties with vote share of PD in 2009 indicate that PD was able to expand its electoral basis or gain supporters from those parties. It is interesting that PD

also succeeded in attracting voters from areas where PKS was strong in 2004. The small increase of PKS vote share in 2009 perhaps was not due to its ability to maintain its supporters/voters in 2004, but from attracting Muslim voters from other Islamic parties. Many swing voters who voted for PKS in 2004 because of its image as a non-corrupt party seemed to have changed their political choice to PD (primarily to SBY) that was also successful in portraying itself as a clean party.

Tabel 5 Selected Strong Correlations Democrat Party 2009 and Parties 2004

	<i>r</i> ²
PKS 2004	.785**
Democrat 2004	.755**
Golkar 2004	.704**
PKPB 2004	.684**
PPP 2004	.618**
PAN 2004	.616**
PBR 2004	.603**
PBB 2004	.586**
PDIP 2004	.526**
PNUI 2004	.523**

** . Correlation is significant at the 0.01 level (2-tailed), N = 438

The emergence of PD as a catch-all party is also confirmed from regression analysis. In this analysis, three models of OLS regression using election results from the 2004 election and the result for PD in the 2009 election were run (see Table 6). All models are robust, although data incompleteness could yield slightly different coefficients if similar procedure will be run later. The first model looks at the effect of the election results from seven big parties in 2004 (Golkar Party, PDIP, PKB, PD, PKS, and PAN) on PD's performance in 2009. The second model separately examines the effect of the election results of Islamic parties in 2004, and the last model examines the effects on Golkar-related parties. These three models are not meant as separate analyses, but they are aimed at evaluating the consistency of indicative finding from the previous analysis.

The first model is very robust with the proportion of variability in the election result of PD in 2009 explained by more than 72% of the election results in 2004 for the seven big parties. In this model, the coef-

ficients for the Golkar Party, PD, PKS, and PKB are significant and they show linear relationships as the sample slopes are several standard deviation units above the hypothesized value of 0. For PDIP, the coefficient is significant, but it does not show a linear relationship as the value of the *t* statistic is negative. From this model, PD seems to enjoy electoral fortune from the migration of the Golkar Party, PKS, and PKB voters in 2004 and the continuation of support from PD voters in 2004. For PDIP voters in 2004, it seems that not a significant number of them shifted their choice to PD. This might be true as PDIP only experienced a 4.5% decline in vote share, while Gerindra with a similar platform and rhetoric gained almost the same, 4.46%.

Table 6. Models of OLS Regression Using Election Results from the 2004 Election

	Model I: Seven Big Parties 2004	Model II: Islamic Parties 2004	Model III: Golkar-related Parties 2004
GOLKAR 2004	.422 (.043)**		.385 (.047)**
PDIP 2004	-.213 (.047)**		
DEMOKRAT 2004	.571 (.142)**		
PKS 2004	.648 (.136)**	1.122 (.081)**	
PPP 2004	-.058 (.083)	.070 (.081)	
PAN 2004	-.077 (.138)	-.245 (.139)	
PKB 2004	.174 (.041)**	.174 (.038)**	
PBB 2004		1.280 (.270)**	
PNUI 2001		.858 (.576)	
PBR 2004		-.114 (.345)	
PSI 2004		2.499 (1.251)*	
PATRIOT 2004			3.171 (.581)**
PKPB 2004			2.882 (.453)**
PKPI 2004			-.593 (.785)
Constant	3550.292 (2338.343)	5408.781 (2541.816)	-759.565 (3009.357)
Adjusted R ²	.723	.693	.572
Standard error of the estimate	35623.083	37452.182	44243.027
F	164.047	124.854	147.468
Number of cases	438	438	438
Model Type	OLS	OLS	OLS

** significant at .01 level; *significant at .05 level; standard errors are in the parentheses

Among Islamic parties in 2004 and the likelihood of vote shifting among their voters, Model II provides a glimpse of the following trend. The model—which is also very robust—shows that all significant coefficients have linear relationships. Similar to Model I, the voters for PKS and PKB in 2004 gave significant additional votes to PD in 2009, along with some small parties, PBB and PSI. The shift of PKB voters in 2004 to PD in 2009 was probably caused by the deep internal conflict in the party. As shown in Model III, voters for Golkar, Patriot, and PKPB parties in 2004 have shifted significantly to PD in 2009. The model and all significant coefficients show linear relationships with the increasing vote share of PD in 2009.

From this regression analysis, the electoral fortune of PD can be attributed to its ability to attract voters from various electorates. They are not only from amongst voters for parties with similar ideological line, but PD also succeeded in attracting many who voted for PKS in 2004. The analysis shows that as a catch-all party, PD has mostly benefited from voters who used to vote for Golkar-related and Islamic parties, not so much from nationalist/Soekarnoist parties. When the official and complete data become available, it would be interesting to further examine the vote circulation that has affected electoral performance of other important parties like Golkar Party, PDIP, and PKS.

CONCLUSION

The 2009 legislative election was administered poorly compared to the 2004 election and electoral disputes and contentions caused by unprofessional conducts of election commissioners will remain a serious problem for the exercise of democracy in Indonesia in the longer run. Fortunately, Indonesian voters have become more politically mature so that they cannot easily be mobilized by elites to challenge the election results in an undemocratic way. The current electoral system has produced wider deviation from the PR system, a more fragmented party system, and a more competitive intra and inter-party competition than the system used in 2004 election.

In terms of voter behaviour, the analysis shows that there are aspects of continuity and discontinuity of voting pattern among many electorates. From the individual level analysis, the indication of the continuity of compartmentalization of voters along long-established

social cleavages is quite evident. However, with the increasing more personalized competition and the importance of the presidential candidate, intra- and inter-party competition has affected voting behaviour in many ways.

As most parties offered a similar platform, voters did not have many distinct choices and so vote shifting to parties from similar social cleavages or towards centrist parties occurred quite massively. This could explain the volatility of voting, especially towards major parties. The party that has gained most in the 2009 election is PD as it emerged as the real catch-all party having no ideological baggage that could hinder voters from various political backgrounds to vote for it. PD has definitely also benefited from the good approval rating from the majority of voters for its chief patron, SBY. In the future, if PD and its chief patron could not deliver their promises, it is possible that their voters will move to other catch-all parties since PD does not have as yet strong roots in the society and a distinct political platform.

Party System Institutionalization: The Evidence from the 2009 Election

Sunny Tanuwidjaja

INTRODUCTION

Political parties in Indonesia have been one of the major actors in politics since the fall of the authoritarian regime in 1998. Political party is the main venue to power. According to the Election Law in Indonesia political parties are the contestants in the elections. Presidential candidates have to obtain adequate party support to be able to run in the presidential elections. In addition, political parties control the parliament, which is responsible for making laws. However, the 2009 Election results provide the latest of a series of evidence on the weakening of political parties and their relevance in Indonesian politics. Although political parties are still one of the primary institutions in Indonesian politics, there is no doubt that their roles and functions are eroding with time.

This paper looks into the process of party system institutionalization in Indonesia. Despite the increasingly fine distinction between party institutionalization and party system institutionalization (Randall and Svasand 2002, Levitsky 1998), it is difficult to study the institutionalization of political parties in Indonesia because of the limited availability of data. Instead, this paper takes the easier road to travel, although not necessarily less useful, by looking at the institutionalization of the party system as a whole. Although studying party system institutionalization is not as difficult a task as the study of political parties, there are only a handful of studies that utilize this approach in

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looking at the quality of the Indonesian democracy. And sadly, almost all, if not all, studies have been done by foreign scholars.

There is an overwhelming support among scholars of democracy that party system institutionalization is one of the primary components for democratic consolidation in new democracies¹. An institutionalized party system is characterized by stability of rules, stability of party competition, stability of party linkages within society, legitimate parties, and important roles played by party organization (Mainwaring and Scully 1995).

Mainwaring and Scully did not elaborate further the idea of stability of rules but instead focused more on stability of party competition. They used volatility index as a measure for stability of competition. However, stability of rules is a central factor that can highly influence stability of competition and thus cannot be ignored. Stability of party linkages within society can be assessed by looking at the stability of voting pattern across geographical and sociological groups, and how parties can mobilise voters to vote for their preferred candidates in executive election. Party legitimacy is measured by how much the public and other political actors trust and they agreed that political party is the main vehicle in election. The importance of party organization can be seen by looking at how widespread is the organization, the presence of routine procedures, party discipline, internal factionalism, and the importance of party organization in the election.

One should note that many criteria for party system institutionalization hinge upon the characters of each political party (Randall and Svasand 2002). Thus party system institutionalization criteria seem to assume an evenly distributed process of institutionalization or de-institutionalization across parties, which is not necessarily the case in many countries. Fortunately in Indonesia, the degree of unevenness is limited. Among the big parties one might argue that only PKS is experiencing institutionalization while others are experiencing the reverse process. Nevertheless, the concept is useful to provide a framework in analyzing the strength and weakness of the party system in Indonesia.

Stable party system is a necessity for democratic consolidation because an institutionalized system provides predictability for players and discourages revolutionary and radical practices since an institutionalized system tends to be publicly accepted and legitimate. It also provides continuity because the major political parties are already established. With clarity of who are the major political parties, accountability is easier to establish because voters know

who is responsible for what. Stable links to society provides channel for accountability and for absorbing societal aspiration. Legitimate parties' roles in election and for accessing power prevent "dictator"-like individuals to take over the political system. Strong and influential organisation strengthen parties' performance which in turn improve other aspects of party system institutionalization. With such important roles for building democracy, party system institutionalization should never be ignored for those who are concerned with democratic consolidation in Indonesia

From the perspective of party system institutionalization, at the national level as well as at the local level Johnson Tan (2006), Johnson Tan and Buehler (2007), and Ufen (2008) have noted that the party system in Indonesia is experiencing de-institutionalization; it is weakly institutionalized at best, and even when institutionalization is present, it is uneven and occurs only within the party as noted above. The declining relevance of political parties is not unexpected. Mainwaring and Zoco (2007) have pointed out that new democracies post-1978 are unique in the sense that they tend to have weaker parties due to the dominant roles of media. Also, the new parties post-1978 neither emerged from social movements nor played a central role in pushing for democratic reform. Instead, many of them appear to be the vehicle of charismatic and populist leaders that appeal to the masses. Under this condition, political parties in new democracies, including in Indonesia, seem destined to be weak. This paper presents the evidences of the further weakening of political parties, and thus party system de-institutionalization, based on the 2009 election results and argues that the urgency to strengthen parties and party system institutionalization should be the primary agenda for reform.

2009 ELECTIONS

The 2009 election is the third democratic election in Indonesia since the fall of the "New Order" regime. In three successive elections, 1999, 2004, and 2009, the rules have changed. For example, in 1999 Indonesia utilized a close-list proportional representation system. In 2004, an open-list system is used but with limitation. While voters can choose candidates in the party lists, only candidates that can obtain 30 percent of BPP² gets elected, while in general candidates that are on top of the parties' lists will get the priority in seat assignment by the parties. A modified system is used in the 2009 election in which candidates who get the most vote gets the parliament seats. Currently, the idea of implementing a district system instead of proportional represen-

tation is being debated, indicating the fragility and instability of the current electoral system in Indonesia.

The instability of party competition in Indonesia apparently results from the readiness of voters to switch parties, i.e., they are more willing to vote for a party other than the one they voted in the previous election. This can be seen from the readiness of voters to vote for new parties, usually the small ones; and also by electoral volatility, i.e. the fluctuation of votes the parties gain in successive elections (see Table 1).

Table 1 – Electoral Volatility in Three Democratic Elections

	1999	2004	2009
Variance	0.38%	0.33%	0.21%
9 Largest	91.64%	85.11%	81.70%
Parties gaining >5%	86.69%	80.05%	68.53%
Volatility	-	17.77%	21.76%
# of Parties	48	24	38

Compared to the result of the 1999 and 2004 Elections, there is a clear trend that the votes gained by political parties participating in the 2009 Elections are becoming more evenly distributed. The variance in the percentage of votes gained by parties shows a decreasing trend from 0.38% in 1999 to 0.33% in 2004 and 0.21% 2009. This shows that the votes gained by parties in 2009 are much more evenly distributed compared to the 1999 election. The smaller size parties have gained higher number of voters in each successive election. While in 1999 the nine largest parties gained above 90% of the votes, in the 2009 election it gained no more than 81.70%. Similarly, while parties gaining more than 5% of votes controlled almost 87% of votes in 1999, they only controlled 68.53% of votes in 2009.

These show that in each successive election voters are more willing to vote for smaller and new parties.³ This means that distrust towards established political parties is increasing, encouraging voters to take risk by voting for newer and less known parties. The voters do this despite the fact that they might be wasting their votes since voting for smaller parties means higher possibility that the parties voted for will not get seats in the parliament. Despite the implementation of the lower, 2.5% parliamentary threshold, voters were still more willing to vote for the smaller and newer parties.

Electoral volatility shows a similar pattern (see Table 1). From the 2004 to the 2009 Elections, electoral volatility increased by 4%. This tells us that voters are more willing to switch parties in 2009 compared to 2004. In other words, the party system is less stable in 2009 than in 2004. With the volatility calculated in Table 1 including new as well as old parties, the volatility scores show that this instability is due not only to party switching between stable parties but also due to the entry of new parties. This pattern shows that Indonesian voters in 2009 are more willing to switch parties compared to voters in 2004. By implication, voters are becoming more dissatisfied with the existing parties.

Evidence on party system de-institutionalization can also be observed if we consider the aspect of party roots by looking into the erosion of the party bases at the provincial level. Three big provinces that are known to be the bases for Golkar are West Sumatra, West Java, and South Sulawesi. Three provinces that are known to be the bases for PDI-P are Central Java, East Java, and Bali. PKB is unique in a sense that the majority of its votes come from East Java. Comparing the votes gained in 2004 and 2009 of these three parties in each of their provincial bases, one can easily see how the traditional party bases have significantly eroded (Table 2).

Table 2 – Declining Traditional Support in Parties’ Bases

	2004	2009*
Golkar West Sumatra	28,71	17,11
Golkar West Java	27,90	13,81
Golkar South Sulawesi	44,34	24,52
PDI-P Central Java	29,75	20,66
PDI-P East Java	21,04	14,46
PDI-P Bali	52,50	40,08
PKB East Java	30,63	11,83

* Note that the results are pending upon some re-elections in some districts, and KPU adjustment based on the Constitutional Court decision

Among its three traditional provincial bases, Golkar experienced its biggest decline in South Sulawesi. Although in the 2009 election Golkar still maintains its top position in South Sulawesi, from 2004 to 2009, support for Golkar declined by almost 20%. In West Sumatra and West Java, Golkar no longer maintains its top spot and has been replaced by Partai Demokrat. In West Sumatra and West Java, supports for Golkar declined by 11.6% and 14%, respectively. PDI-P experienced a similar situation. In three of its traditional

provincial bases PDI-P experienced an average of around 10% decline. In East Java, the traditional base for PKB, in 2009 the party only gained one-third of its 2004 vote. It is no longer the dominant party in East Java, as it was replaced by Partai Demokrat. All these indicate that geographical, traditional loyalist base of the political parties are eroding.

One interesting point to note is the fact that the past dominance of these parties in these provinces is being replaced by Partai Demokrat, a party established to assist Yudhoyono to run for presidency in 2004. This party is known as the Yudhoyono fans club instead of a real political party. It lacks the formal party organization and machinery and it depends on Yudhoyono's charisma to win votes. There is another factor why Partai Demokrat was so effective in challenging the existing party dominance. Although it does not have a party organization structure as extensive and as established as Golkar and PDI-P, having Yudhoyono as its primary party leader has made Partai Demokrat able to utilize state's policies, state's apparatus, and state's resources effectively.

Through such effective use of state's instruments, Partai Demokrat was able to penetrate the less formal social networks such as religious leaders, preman, youth organisations, local figures, and many others at the grass root, breaking down the grips of older parties. In other words, Partai Demokrat did not depend on their formal party organisations but instead depended more on its shadow organisations which consist of the state and of the informal social networks. Partai Demokrat is a good example of an alternative method to win the legislative election without having a strong political party organisation.

The cases of PAN and PKB also indicate the erosion of party roots. PAN no longer considers Muhammadiyah as its voters base, while PKB can no longer depend on Nahdlatul Ulama (NU) as its voters base. Approximately 15 million Muhammadiyah's members are eligible to vote. However, PAN only gained 6% votes in the 2009 election or about 6 million. It is doubtful that even most of the PAN voters are closely linked to Muhammadiyah, the success of PAN is due more to its strategy in selecting popular figures as its legislative candidates than to its link to Muhammadiyah. PKB internal conflict leads to the breakdown of NU supporters who moved to other parties, such as PDI-P, Gerindra, and Partai Demokrat. The fact that there is no longer a single dominant charismatic leader, such as Gus Dur in both PKB and NU makes it difficult for any political party to establish strong roots in NU.

The inability of political parties to direct their constituents to vote for parties' presidential candidates reflects the political parties' loss of power to

mobilise them, and thus lacking strong roots in society. Presidential candidates need party support not to garner votes but to pass the threshold requirements to run as candidate, namely to obtain support from a political party or a group of political parties controlling 20% of seats in the parliament or gaining 25% of the national votes.

An exit poll conducted by Indonesian Survey Institute (LSI) provides a clear evidence of this. There were three candidate pairs in the presidential election: SBY-Boediono, Megawati-Prabowo, and Kalla-Wiranto. The big parties supporting SBY-Boediono was Partai Demokrat, PKS, PPP, PAN, and PPP. Primary supporters of Megawati-Prabowo were PDI-P and Gerindra, while Kalla-Wiranto was mainly supported by Golkar and Hanura. Significant numbers of party voters do not follow party's presidential preference. Table 3 provides the summary.

Table 3 – Parties and Their Presidential Candidates

Political Party	Supported presidential candidate	% Voters voting for the party and support the party's preferred candidates
Demokrat	SBY-Boediono	86.3
PKS		65.7
PKB		55.3
PAN		46.4
PPP		53.7
Golkar	JK-Wiranto	22.2
Hanura		9.0
PDI-P	Mega-Prabowo	64.9
Gerindra		55.3

Besides Partai Demokrat, the other contesting parties were also faced with difficulties in mobilizing their constituents to vote for party's preferred candidates. Partai Demokrat can control their constituents to vote for the party because of their presidential candidate (SBY). Similarly, PDI-P constituents voted for due to its association with Soekarno and Megawati. One should note, however, that compared to the overwhelming support of Partai Demokrat voters towards SBY, PDI-P's voters towards Mega was much less. PKS which is known as a party with high level of discipline was relatively effective in directing their supporters to vote for SBY.

Nevertheless, both PKS and PDI-P can only manage to convince less than 70% of their voters. Other parties, such as PKB, PAN, PPP, and Gerindra can only mobilise around half of their voters to vote for their preferred candidates. Golkar and Hanura perform worst in mobilizing their voters in the presidential election, where less than a quarter of their total voters were willing to vote for the party's preferred presidential candidates. This pattern indicates that the party's ability to influence, mobilise, and direct their voters is weak at best. Without a strong figure or any ideological foundation, parties would fail to manage and organise their voters.

Regarding parties' legitimacy, surveys have shown that the public perceived political party and its counterpart, the parliament, as two of the most corrupt democratic institutions in Indonesia. Its legitimacy has been in question since its initial rise at the early period of *reformasi*. Based on a survey done by the Centre for Strategic and International Studies (CSIS) in June 2008, political parties were considered the least trustable institution compared to others such as the presidency, the cabinets, the parliament, the military, the court, the Corruption Eradication Commission, and the police. The majority of Indonesians do not see political parties as an institution that can effectively channel their interests. The survey shows that only 7% of Indonesians think that political party is an effective institution to channel and to represent their interests. Thus, although parties are officially the legitimate participants in elections, their public legitimacy is consistently low.

To sum up, Indonesia still lacks stability of rules, as demonstrated by the changing electoral system in the 1999, 2004, and 2009 Elections. Party competition is increasingly becoming unstable as shown by the volatility index and the willingness of voters to vote for smaller and new political parties. Party roots are weakening as parties can no longer easily mobilise voters; big traditional parties, such as Golkar and PDI-P are experiencing erosion of their traditional geographical bases, and the gap between PAN and Muhammadiyah and between PKB and NU has increased over time. Parties are losing their legitimacy as shown by the lack of trust of Indonesians in survey results. Finally, party organisation seems to matter less. The case of Partai Demokrat shows that although without a strong supporting organisation, a party can still win the election by utilizing charismatic leaders and by utilizing states' resources effectively. Thus, one can conclude that the party system in Indonesia is experiencing de-institutionalization in many aspects. This trend can be detrimental for the promising process of democratic consolidation in Indonesia.

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THE 2009 LEGISLATIVE ELECTION: LESSONS LEARNED

Arief Priyadi

INTRODUCTION

Law No. 10/2008 provides guidelines on the conduct of the 2009 Legislative Election. This law was passed only on March 3rd 2008, just 13 months before the election date (April 9th 2009). Yet, soon after the election two controversies had arisen regarding the calculation on how to translate votes into seats. These controversies were partly reflected in the dissatisfaction as expressed by several legislative members of parties that passed the parliamentary threshold.¹

The controversies were initially incited by the ruling No. 15P/HUM)/2009 issued by the Supreme Court or *Mahkamah Agung* (Ma-ruling) on 18 June 2009 that ordered the General Election Commission (KPU) to cancel Chapter 22 (c) and Chapter 23 (1) and 23 (3) of the KPU regulation No. 15/2009 on the technical guidelines on determining and announcing the election result, and to cancel KPU decision No. 259/Kpts/KPU/2009 on determining the elected legislative candidates. The substance of the chapters is considered to contradict Chapter 205 (4) Law No. 10/2008 on the Legislative Election. If the MA's ruling is implemented, several small and medium-sized political parties (Par-

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¹ Political parties that passed the parliamentary threshold are: Partai Hanura (18 seats), Partai Gerindra (26 seats), Partai Keadilan Sejahtera (57 seats), Partai Amanat Nasional (43 seats), Partai Kebangkitan Bangsa (27 seats), Partai Golkar (107 seats), Partai Persatuan Pembangunan (37 seats), Partai Demokrasi Indonesia Perjuangan (95 seats), and Partai Demokrat (150 seats).

tai Amanat Nasional, Partai Persatuan Pembangunan, Partai Keadilan Sejahtera, Partai Hanura, dan Partai Gerindra) will lose significant number of seats, while the three largest parties and one medium-sized party (Partai Demokrat, Partai Golkar, PDI-P, dan Partai Kebangkitan Bangsa) will get additional seats. This controversy led to the filing of a suit to the Constitutional Court (MK or *Mahkamah Konstitusi*) by parties that stand to lose significant number of seats from the MA's decision. They requested the MK to give an interpretation of Chapter 205 (4) Law No. 10/2008. The details described below will provide an overview of the issues and what we can learn from this case to improve the Indonesian democracy in the near future.

SUPREME COURT VS. CONSTITUTIONAL COURT

Zaenal Ma'arif and other legislative candidates who failed to gain seats in the parliament filed a request to MA to review KPU's regulation and decision regarding the second phase calculation of seats allocation in light of Law No. 0/2008 chapter 205 (4) stating that when there is/are unallocated seat(s), the second phase of seats allocation will be conducted by allocating seats to political parties that received at least 50% of the vote value of a seat (known as BPP/*bilangan pembagi pemilih*). BPP means proportion which is the number of votes eligible for a seat.²

KPU interpreted the word "vote" in that sentence as the remaining vote and not the total initial valid votes. Based on this interpretation KPU released KPU Regulation No. 15/2009 on the technical guidelines translating votes into seats for parties passing the parliamentary threshold. On 9 May 2009 KPU released its ruling on the seats allocation based on the above interpretation in KPU's letter No. 259/Kpts/KPU/2009.

In the law regulating election and MK roles, there is a possibility for political parties (not individual candidates) to challenge the election results and to bring the case to the MK. Due to the significance of the number of protests regarding the KPU's determination of the seats allocation, MK made a correction to KPU's interpretation following in-

² BPP is the vote value of a seat and is calculated

ternal meetings from June 11th to 24th, particularly for the third phase calculation and not the second phase calculation.

Regarding the third phase seat allocation, the election law states that if there are still unallocated seats after the second phase allocation, the province will then become a new electoral district, combining all the initial electoral districts within that province.³ When KPU calculated the third phase allocation, they only take into account the electoral district where there are left-over seats instead of all the electoral districts within the province. With the MK's correction, which is final and binding, KPU then could actually go ahead and wrap up the seats allocation. The example is as follows.

Example 1

In Banten there are three electoral districts. Parties competed for 6 seats in the first electoral district (Banten I), 6 seats in Banten II, and 10 seats in Banten III. Let's say that after the second phase of seat allocation, there are only two seats left: one in Banten I and one in Banten II. Also, let's say that there are three political parties competing in these three electoral districts: A, B, and C. After the first and second phase of seat allocation the following are the remaining votes for each party in each electoral district:

	Banten I	Banten II	Banten III
Party A	5,000	2,000	7,000
Party B	7,000	2,000	2,000
Party C	5,000	1,000	7,000

If the initial KPU's ruling was applied for the third phase seat allocation, the new electoral district which is the Banten Province only consist of Banten I and II, and the total number of votes for party A is 7000 (5000 plus 2000), B is 9000 (7000 plus 2000), and C is 6000 (5000 plus 1000). Just from this we can see that it is party A and B that will get the remaining 2 seats.

³ An electoral district can consist of several districts/cities, or only one.

However if the MK's ruling, which later becomes the guidelines for KPU, is applied then the new electoral district will consist of Banten I to III and the total votes for party A is 14000, party B is 11000, and party C is 13000. The difference from the initial KPU's method is that it will be party A and C that will receive the two remaining seats.

The purpose of MK to include all electoral districts is to avoid votes being wasted. However, the weakness of MK's ruling is that there is a possibility that votes from electoral district(s) that do not have any left-over seats is (are) awarded seat(s) from other electoral districts. In other words, some parties or candidates actually received votes that were not initially given to them. Note that another complication occurs when parties were trying to allocate their seats to the candidates. The question, which parallels the above dilemma, is whether the seats should be given only to candidates that came from the electoral districts which the seats originated.

Referring to the MA's decision of 18 June 2009 about the second phase seat allocation formula, Law No.10/2008 does not specify what the word "vote" exactly means, and thus the word "vote" on the second phase seat allocation—if literally interpreted—means the total initial valid votes that the parties get. Literally then, from a legal point of view, the interpretation of the MA is the correct one. The implication of the application of the MA's interpretation is that there will be significant number of disproportionality compared to the KPU and MK's calculation method. There is a natural tendency that parties that stand to gain from MA's method (Partai Demokrat, Golkar, PDI-P, and PKB) will support the MA's method while others that stand to lose will support the KPU's and MK's method.⁴ KPU's attitude towards MA's ruling was ambivalent as it wanted to avoid further complications. KPU accepted the ruling but argued that the ruling cannot be applied backwards. Thus KPU's seat allocation stands⁵, while for the third phase seat allocation KPU followed MK's ruling.⁶ The following is an example on how the two calculations differ.

⁴ According to J. Kristiadi in *Kompas*, 4 August 2009

⁵ *Koran Tempo*, 7 August 2009.

⁶ *Republika*, 7 August 2009.

Example 2

Let's say there are 6 parties competing for 3 seats in an electoral district. The following table provides the votes and seats distributions. From the table we know that the total number of valid vote is 300,000 and thus the BPP = $300,000/6 = 50,000$.

	Valid votes received	MA Ruling		KPU's	
		Phase 1	Phase 2	Phase 1	Phase 2
Party A	60,000	1	1	1	0
Party B	20,000	0	0	0	0
Party C	20,000	0	0	0	0
Party D	45,000	0	1	0	1
Party E	45,000	0	1	0	1
Party F	110,000	1	1	1	1

One can observe how the two allocation methods can produce different results. In the MA's method of allocation, "votes" as in Chapter 205 (4) are interpreted as the total initial votes. Party A automatically receives a seat in the second phase of allocation because it has 60,000 votes which is far above the 50% of BPP, and thus no more seats remain for the third phase allocation.

In the KPU's method supported by MK, which is based on the interpretation that "votes" in the phrase means remaining votes after the first phase of seat allocation, Party A does not receive any seat because its remaining vote is 10,000. Thus 1 seat remains for the third phase seat allocation which the small parties such as party B and C might get. In short, MA's ruling favours the big parties and decreases the effective number of parties in the parliament. KPU's seat allocation method favours the smaller parties, improves representation, and thus increases the effective number of parties in the parliament.

MA's ruling led those who stand to lose with the ruling to file a judicial review to the MK and requested MK to provide its interpretation of Chapter 205 (4) of the election law in which the phrase "receiving at least 50% of the BPP.." has multiple interpretations and creates political and legal uncertainty. On 7 August 2009 MK released its decision No. 110-113/PUU-VII/2009 which essentially states that KPU has

interpreted the law correctly and supports the KPU instead of MA’s ruling.

The main argument of the MK’s decision is the fact that the Indonesian election system is a proportional representation (PR) that aims at maximizing representation by pursuing equality of vote for each voter. If the MA’s ruling is applied, the degree of disproportionality between the votes and seats obtained by parties increases. In other words, if MA’s ruling is applied the seats allocation deviates further from the pursuit of equality of votes. The table below shows the comparison of proportionality between the two methods of seat allocation.

Party	% Votes	MA’s version		KPU’s version	
		# seats	% seats	# seats	% seats
Demokrat	20.85	180	32.14	149	26.61
Golkar	14.45	125	22.32	106	18.93
PDI-P	14.03	111	19.82	95	16.96
PKS	7.88	50	8.93	57	10.18
PAN	6.01	28	5.00	46	8.21
PPP	5.33	21	3.75	37	6.61
PKB	4.94	29	5.18	28	5.00
Gerindra	4.46	10	1.78	26	4.64
Hanura	3.77	6	1.07	17	3.03

Interestingly, this result shows that the correlation between seats and votes for the two seat allocation methods is almost equal. For the MA’s version the correlation is 0.997 while for the KPU’s version the correlation is 0.991. As shown by this result, the assumption that the MA’s version decreases the overall proportionality is not totally correct. The main reason is that KPU’s version highly favours not the small parties but the medium-sized parties, such as PKS and PAN while the MA’s version highly favours the big three parties. Thus, although MA’s ruling tends to favour the big parties it does not decrease the overall proportionality.

The controversial nature of MA’s ruling can be observed from the debate. Those who agreed and supported MA’s ruling argued that the failure of KPU to implement MA’s ruling will create a bad precedent

for the rule of law in Indonesia. They focused on the importance for KPU to allocate seats based on the guidelines from the election law (Law No. 10/2008)⁷. KPU's regulation can be adjusted based on the ruling from MA which follows the pure direct interpretation of Law No. 10/2008. According to Jimly Asshidiqie, the former head of the Constitutional Court, MA's decision has to be followed because it has a legal power⁸.

Those who disagreed pointed out that MA had gone beyond its authority, as KPU regulation was not part of the hierarchy of law in Indonesia. Hadar Gumay, director of Cetro stated that MA's ruling has created an uncertainty for many legislative candidates and has the potential to undermine the proportionality of the election results. Similar argument was also put forth by the deputy secretary general of PPP⁹. Lastly, it was argued that MA has entered into election results ruling which according to the Law is the domain of MK not MA. Internally, there is a clear disagreement among MA judges. According to the spokesman of MA, Hatta Ali, MA's ruling cannot be applied backward while for Abdul Kadir Mappong, MA's ruling is retroactive, meaning that it should be applied backward¹⁰.

On 7 August 2009 MK released its ruling on its review of Chapter 205 (4) Law No. 10/2008 relating to the second phase seat allocation. MK's ruling No. 110-113/PUU-VII/2009 is a ruling on the review filed by Hanura, Gerindra, PKS, and PPP. They argued that the phrase "vote with 50% of BPP to the minimum" in the Chapter has multiple interpretations and thus requires MK to provide its interpretation in order to provide legal certainty on the election result. In its ruling MK argued that the Chapter does not contradict the election law so long as the interpretation of the word "vote" follows MK's interpretation, i.e., vote means the remaining votes of each parties or parties' votes after the first phase of seats allocation. According to Mahfud MD, the head judge of MK, MA's ruling is no longer applicable and valid since the base for its ruling is the chapters in Law No. 10/2008 which MK has interpreted accordingly.

⁷ *Kompas*, 25 July 2009.

⁸ *Republika*, 30 July 2009.

⁹ *Republika*, 27 July 2009.

¹⁰ *Kompas*, 30 July 2009.

LESSONS FROM THE CASE

First, to avoid confusion and delays of the official results which tend to create uncertainty for the public as well as the candidates, it is important that the election be reviewed thoroughly. The best practical method is to simulate the implementation of the law using existing/past election results to find loopholes and possible contradiction within the law. As the above case has shown, although the spirit of the election law is representation and the electoral system in Indonesia is proportional representation, literal and direct interpretation of Chapter 205 (4) Law No. 10/2008 (as done by MA) actually produces a result that contradicts that spirit and the system, i.e., creating disproportionality instead of proportionality. A small lack of detail can actually be detrimental to the overall spirit of the election law. Participation by multiple parties including political observers, election experts, and individuals from the legal institutions is a must in order to make the election law a product of all and all have stakes in producing a good and consistent election law.

In the near future there is a need to resolve the common agenda in order to avoid an ambivalent election law. On the one hand, Indonesians still want to maintain the representative nature of the parliament but, on the other hand, there is an increasing concern for effective government. In reality, these two purposes tend to go against each other. The preference for representation will require a more proportional election system, i.e., the equality of votes. The preference for effective government tends to require reducing the number of parties in the parliament and thus favoring larger parties.

Second lesson is clarity regarding the roles of legal institutions. The fact that the Supreme Court (MA) can review the consistency of the laws means that the Supreme Court can review election results indirectly although it is the Constitutional Court (MK) that officially has the legal function to review election results. In the future it is necessary to avoid this potential overlap of authority to avoid conflicts between legal institutions. One way to do this is to put election issues into the exclusive authority of the Constitutional Court.

MOLDING A STRATEGIC AND PROFESSIONAL INDONESIAN MILITARY: POLICY OPTIONS FOR THE NEXT ADMINISTRATION

Evan A. Laksmana

INTRODUCTION

This article addresses the strategic gap between Indonesia's increasingly complex domestic, regional, and global security environment, and the country's inability to fully reform its national military—generally known as the Indonesian Defense Forces or TNI (*Tentara Nasional Indonesia*). Furthermore, while not neglecting the vast literature on Indonesia's military reform, as well as key reform policies, this article looks at two fundamental problems—the military's education and training system, and the strength of the civilian defense community—that must be addressed if we wish to create a strategic and professional military, one that could tackle the country's increasingly complex security environment without usurping basic democratic principles in the long-run. This article also suggests that the President himself, instead of the Defense Minister, should be directly and personally involved in pushing any reform policies within those two areas. Finally, this article tries to move away from the current Security Sector Reform (SSR) parlance and discourse that has thus focused on the military's politics, business, and accountability—and their accompanying regulations.

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TNI'S REFORM AND ITS CHALLENGES

Exploring long-term policy options for the Indonesian military is crucial, not just to provide alternative policies to further modernize and professionalize the TNI, but such venture would also allow us to address the gaps within the overall literature on the Indonesian military—which always centered on the military's domestic role—and provide a basis for a more informed and fruitful public discussion.¹ In this regard, the military reform policies proposed and implemented following the fall of Suharto had also unfortunately followed this pattern of a bordering obsession on the military's domestic political role. One should not be surprised therefore that despite significant progress in internal reforms, several contentious issues remains unsettled, including territorial command structure reform, doctrinal development, defense posture, military tribunal laws, and past abuses of military force.² A brief scan over these unresolved issues shows that most of them relates to the TNI's basic function and nature as a military organization—not so much as a political institution, which has been dealt with successfully for the past decade.

Meanwhile, the complex challenge of building a professional military to tackle the juxtaposition between the traditional challenge of fighting a conventional war and the array of non-traditional security issues, such as terrorism, disaster relief, and illegal fishing, remains.³ With the police taking the lead in most, if not all, aspects of internal security and domestic stability since 1999, then the urgent task seems to be to re-orient the TNI to face its conventional challenges. In today's context, such task could be seen to be more than just preparing

¹ For a brief discussion of such gaps, see for example, Evan A. Laksmana, *Spoilers, Partners, and Pawns: Military Organizational Behaviour and Civil-Military Relations in Indonesia*, RSIS Working Article No. 161 (Singapore: S. Rajaratnam School of International Studies, 2008)

² For an overview of progress and retreat in key military reform issues, see for example, Marcus Mietzner, *The Politics of Military Reform in Post-Suharto Indonesia*, Policy Studies No. 23 (Washington, DC: East-West Center, 2006); Leonard C. Sebastian, *Realpolitik Ideology: Indonesia's Use of Military Force* (Singapore: Institute of Southeast Asian Studies, 2006), 320-35; Alexandra Retno Wulan, ed. *Satu Dekade Reformasi Militer Indonesia* (Jakarta: PACIVIS, 2008).

³ For an overview of non-traditional security challenges in Indonesia and Southeast Asia as well as its relations to Indonesia's defense strategy, see for example, Alan DuPont, "Indonesian Defence Strategy and Security: Time for a Rethink?," *Contemporary Southeast Asia*, Vol. 18 Issue 3 (December 1996): 275-297; Andrew T.H. Tan and J.D. Kenneth Boutin, eds. *Non-Traditional Security Issues in Southeast Asia* (Singapore: Select Publishing for Institute of Defence and Strategic Studies, 2001).

for a conventional external aggression, but more importantly, to safeguard our maritime waters from both illegal poaching and incursions by foreign militaries. In addition, we are also expected to play a more proactive role in international peacekeeping—where we have actually excelled thus far—and increase our capacity to tackle national and regional disaster relief efforts. And, at a time when regional tension is close to fever pitch, increasing the military's operational readiness, while ensuring that any internal security function would not reignite old fears about TNI's old habit of political dominance, remains one of Indonesia's most difficult strategic challenges today, and for the foreseeable future.

Thus, Indonesia needs a strategic and professional military, who would not only be in good terms with the political leadership and society at large, but would also be effective in tackling day-to-day security challenges effectively and efficiently while continuing to maintain a state of readiness to face: a conventional war, peacekeeping missions, and disaster relief efforts simultaneously—what this article calls a “three war” doctrinal orientation. Thus far, pundits and scholars had proposed several policy recommendations to this effect, including: (1) legal regulations about the TNI's role, mission, business activities, and tribunal laws, (2) a review of defense posture, doctrine, and strategy along with force support and deployment, (3) a reinstatement of defense management accountability and budgetary efficiency and transparency—all of which are supposedly underpinned by civilian supremacy and parliamentary oversight.⁴ These efforts however are merely short and medium term solutions. To address the complexities of what we are facing today would require us to move beyond these institutional policies, and instead address the military's basic mindset and culture while exploring long-term options to ensure a harmonious civil-military relations.

⁴ For an overview of these policy recommendations, see Andi Widjajanto, eds. *Reformasi Sektor Keamanan di Indonesia* (Jakarta: The Pro-Patria Institute, 2004); Rusdi Marpaung, et. al, eds. *Dinamika Reformasi Sektor Keamanan* (Jakarta: Imparsial, 2005); T. Hari Prihatono, eds. *Penataan Kerangka Regulasi Keamanan Nasional* (Jakarta: The Pro-Patria Institute, 2006), Kusnanto Anggoro and Anak Agung Banyu Perwita, eds. *Rekam Jejak Proses SSR di Indonesia 2000-2005* (Jakarta: The Pro-Patria Institute, 2006), T. Hari Prihatono, ed. *Keamanan Nasional: Kebutuhan Membangun Perspektif Integratif versus Pembiaran Politik dan Kebijakan* (Jakarta: The Pro-Patria Institute, 2006).

Therefore, this article makes the following two basic policy recommendations to complement previous and existing policies. First, the President should support and play a decisive role in reforming and re-integrating the military education and training system as well as revamping operational missions. Second, the President should support the creation and strengthening of a civilian defense community to assist defense policymaking and facilitate communication between the military leadership, the administration, and general public at large. The following sections will elaborate each of these recommendations, highlight the basic problems, and propose several policy options to address them.

BACK TO BASICS: OVERHAULING MILITARY EDUCATION AND TRAINING

It should be noted here that the overhaul and re-integration of the military education and training system is a crucial prerequisite to prepare the military to operate successfully in a variety of security environments. Considering TNI's previous curricula and teaching methods whereby officers were prepared to play a socio-political role other than its defense and internal security role under the 'dual-function' (*dwi fungsi*) doctrine, efforts to 're-militarize' the military to its ideal defense function is sorely needed.⁵ Two key factors are especially relevant here: (1) the military education and training system itself, and (2) the subsequent use of that training, that is, the military's operational missions. Addressing these areas would not only enable officers to obtain the critical thinking and strategic perspectives needed to eventually reformulate new defense doctrines, posture, and strategy, but such efforts could provide a window of opportunity to instill professional norms within the officer corps.

In terms of military education, one of the main problems is the content of the curriculum. Research have shown that the curriculum in the military academy have not significantly changed since the 1960s, where 53% covers socio-political subjects, 22% military subjects, and

⁵ For a strategic need to "re-militarize" the TNI, see Evan A. Laksmana, "Clauzewitz, Strategic Theory, and the Indonesian Military," *The Indonesian Quarterly* 36, no. 1 (2008): 86-106.

15% physical exercise.⁶ In addition, throughout the New Order, indoctrination in patriotism and the importance of regime maintenance has been integrated into the military training structure.⁷ Moreover, it appears that there has been an overall decline in the quality of the officer corps, especially when we consider the fact that younger officers were only average students in their respective senior high-schools (with an average grade of 6.5), compared with the high quality students in the early 1970s and 1980s (whose average grade was 8.0).⁸ Furthermore, while the quality seems to decline, the number of intake continues to rise—which not only further burdens the budget, but it might also foster stronger internal rivalries and entrench a conservative and less-open minded world view.⁹

Although there is some progress, especially in the realm of human rights training and courses—which the TNI administers with the International Committee of the Red Cross (ICRC)¹⁰—the fundamental issue is the fact that the Military Academy (*Akmil*) does not provide an academic degree. Recently, the TNI began expanding its intake of university graduates and “greening” them through an abbreviated curriculum at the *Akmil*, but the percentage of these men are relatively small.¹¹ Finally, the entire military education and training system remains a “closed” system in the sense that civilian experts asked to teach relevant courses are very few—making the graduates ensconced in their own little world and are less exposed to their natural surroundings; contrary to the ideal of a “people’s army”.

With these problems in mind, several policy options are proposed here. First, increase and further refine core military subjects, such as geopolitics and modern warfare, while further improving ex-

⁶ See Sukardi Rinakit, *The Indonesian Military after the New Order* (Singapore: ISEAS and NIAS, 2005), 123

⁷ See Robert Lowry, *The Armed Forces of Indonesia* (St. Leonards, NSW: Allen & Unwin, 1996), 121

⁸ Markas Komando ABRI, *Rekapitulasi Prajurit ABRI* (Magelang: Markas Komando ABRI, 1996). See also Sukardi Rinakit, “Decentralization and the Military,” in *Regionalism in Post-Suharto Indonesia*, eds. Maribeth Erb, Priyambudi Sulistiyanto, and Carole Faucher, 85 (London and New York: RoutledgeCurzon, 2005).

⁹ For a discussion of cadet intake and its implications, see Evan A. Laksmana, “Reform recruitment policy to aid RI’s military budget,” *The Jakarta Post*, 9 December 2008.

¹⁰ For more detail, see John B. Haseman and Eduardo Lahica, *The U.S.-Indonesia Security Relationship: The Next Steps* (Washington, DC: United States-Indonesia Society, 2009), 17-18.

¹¹ *Ibid.*, 42.

isting key non-military subjects, such as history, humanitarian law, and international relations. This would not only lay a stronger intellectual foundation for officers by exposing them to critical thinking, but it could also pave the way to civilianize the teaching staff as those courses could be taught by numerous qualified civilian instructors—who are more readily available compared than those who could teach core military subjects.

Second, existing recruitment policies needs to be revamped and tightened. Not only would increasing admission standards increase the quality of future military leaders, but this could also unblock the current promotional logjam due to the shrinking military posts after the end of the New Order.¹² Finally, provide more scholarships and send more officers abroad for further education. This would not only provide them a broader strategic perspective, but this experience would expose them to military counterparts from all over the world—which is crucial to build strong bonds and ties as well as possibly preparing them to play a significant role in joint international missions in the future.

These overall policies however would be difficult to implement without the direct personal involvement of the President. For one thing, based on our constitution, the President remains the Commander-in-Chief that could give direct orders to the TNI Commander. Such orders, especially if done publicly, would certainly be followed through—lest the TNI wants to suffer the wrath from the Parliament and public. For another, leaving the matter to the Defense Minister, which has generally been rather accommodating to military pressure, might be counter-productive as institutional resistance from within the TNI could prove to an over-whelming force—not to mention the fact that the DoD is staffed with military officers.

OPERATIONAL MISSIONS: THE QUEST FOR EQUILIBRIUM

Following the fall of Suharto, the then-ABRI decided to abolish the dual-function doctrine and its affiliated functions. Today, the DoD (Department of Defense) defines the military's operational mission

¹² For an excellent analysis of promotional logjams in this period, see Douglas Kammen and Sidharth Chandra, *A Tour of Duty: Changing Patterns of Military Politics in Indonesia in the 1990s* (Ithaca, NY: Cornell Southeast Asia Program, 1999).

as consisting of: Military Operations for War and Military Operations Other Than War.¹³ This last mission suggests that some of its domestic operations, such as "territorial nurturing", remain, although now under the pretext of preparing "local resilience". Given the low military budget and domestic economic problems, such efforts to assist the people is commendable, not to mention the possible ramifications of continued 'idle capacity' problems. However, given the history where such 'civic missions' were misused by former President Suharto for his own political purposes, a continued persistence on domestic operations might raise concern about possible excesses in the future.¹⁴

On the other hand, the strategic challenges facing Indonesia today is larger than ever before. Not only do regional tensions in Southeast Asia remain a simmering problem that occasionally burst into fever high pitch—making preparation for an eventual use of force an imperative—but the intertwining web of non-traditional security challenges, especially disaster relief and management, and the need to further contribute to international peacekeeping operations, has forced the TNI to find ways to confront this three-front challenge. Thus, the quest for equilibrium—between maintaining and improving operational readiness across the full spectrum of challenges and ensuring that any domestic missions will not lead to excesses—should remain the next fundamental step of any revamped military education and training system discussed previously.

With these issues in mind, several policy options are recommended here. First, Indonesia's international peacekeeping operations should be expanded and prioritized. Not only is the TNI's track record excellent in this regard, but such operations has the potential to replace domestic operations as a key consideration in career promotions while boosting Indonesia's international image.¹⁵ In addition, this external focus would increase further professionalism due to the high demand

¹³ For an overview of TNI's operational missions, see Department of Defence, *Defending the Country Entering the 21st Century* (Jakarta: Department of Defense, 2004).

¹⁴ For a discussion on Indonesia's internal security operations and missions, see Lowry, *The Armed Forces*, 147-180; Leonard C. Sebastian, *Realpolitik Ideology*, 67-176.

¹⁵ On Indonesia's peacekeeping operations, see for example Rizal Sukma, "Indonesia and Regional Security: The Quest for Cooperative Security," in *Asia-Pacific Security Cooperation: National Interests and Regional Order*, eds. See Seng Tan and Amitav Acharya (New York and London: M.E. Sharpe, 2004), 81-83.

upon the officers' intellectual and technical skills to be able to operate in international joint operations while moving them away from domestic politics—but at the same time maintaining TNI's respected edge of "cultural awareness". This was the success story of the recent contingent working in Lebanon.¹⁶

Second, more emphasis should be made on Joint Tri-Service Operations. This could be done domestically by increasing National Joint Exercises or internationally by increasing participation in regional/international training exercises. This option however might not be readily available due to budgetary constraints as well as the underdeveloped joint military operations doctrine along with the history of inter-service rivalry.¹⁷ Although efforts to improve this predicament by establishing the Joint Forces Staff College as part of the newly-established Indonesian Defense University might improve 'jointness', but the budgetary constraints, uneven treatment and prestige, as well as differing overall operational readiness, means that such unity might not be seen in the near future. Third, legal operational mechanisms should be further outlined in the event that military forces need to be deployed domestically. It should regulate when, how, under whose authority, and for how long could military forces be deployed in domestic emergency situations (such as natural disasters or insurgencies) to assist the police. Such stipulations could prevent future excesses where the military becomes entrenched in local political and economic issues. This issue was recently debated again following the 17 July 2009 bombings in Jakarta.

That said however, a modification of the military's basic doctrine of Total People's Defense (*sishanta*) might also be needed to complement any educational and training efforts.¹⁸ One could argue that an archaic formula assuming the TNI to be underdeveloped to face an external attack, and therefore needs to 'prepare' the people for guerilla warfare, could hamper the dynamic and critical thinking necessary to

¹⁶ For a discussion of the Lebanon contingent, see Haseman and Lahica, *The Next Step*, 87-90.

¹⁷ Issues surrounding the historical inter-service rivalry could be seen in Harold Crouch, *The Army and Politics in Indonesia* (Ithaca, NY: Cornell University Press, 1988); Ulf Sundhaussen, "The Fashioning of Unity in the Indonesian Army," *The Asia Quarterly* 2 (1971): 181-212; David Jenkins, *Suharto and His Generals: Indonesian Military Politics 1975 - 1983* (Ithaca, NY: Cornell Modern Indonesia Program, 1984).

¹⁸ For a discussion of TNI's doctrine, see Sebastian, *Realpolitik Ideology*, 273-313.

tackle more complicated security challenges, especially in the realm of non-traditional security.

In the case of these missions, as it involves budgeting aspects—an increase in peacekeeping operations for example, would need extra cost—the Indonesian parliament cannot but be involved in the process. However, given the fact that many who sits in the DPR's Commission I overseeing defense and foreign affairs are by nature politicians, they might not find it politically-expedient to go against the TNI's institutional interest. The push from the President therefore remains a crucial part in implementing these policies. Not just in terms of pushing the military forward, but also because the President's control over the majority of seats in the parliament might make it easier to pass through any controversial initiatives.

CIVILIAN DEFENSE COMMUNITY: THE 'FORGOTTEN' PILLAR OF NATIONAL DEFENSE

Now that we have addressed the fundamental long-term problems from the military side, we must move on to the civilian side of the equation. In this respect, efforts to address the intellectual challenge of reforming the military education system and altering its operational mission could not be sustained in the long-run without addressing the role of the political leadership, or more precisely, the legally constituted civilian authority. However, considering Indonesia's history of turbulent civilian-military relationship, this challenge is perhaps the least clear cut. Therefore, a new initiative is needed beyond efforts to find a middle ground between the two parties based on legal stipulations.

A new balance should be made therefore, which not only consists of the political and military leaderships, but also civil society elements. This triangular balance would then create what scholars call a "concordance civilian-military relationships" where the government, officer corps, and civil society have a cooperative relationship stressing dialogue, accommodation, and shared values.¹⁹ Thus, the creation and strengthening of a civilian defense community—which at the very

¹⁹ For a theoretical statement of concordance civil-military relations, see Rebecca Schiff, "Civil-Military Relations Reconsidered: A Theory of Concordance," *Armed Forces & Society* 22, no. 1 (1995): 7-24.

least consist of the media, NGOs, specialist think-tanks, and defense academics—is a crucial policy challenge as this community would not only inject more critical thinking into the defense policy formulation process, but they could also provide political legitimacy in conjunction with Indonesia's democratic setting.

The fundamental problem here unfortunately is that there are only a handful of civilians, academics or activists, who are qualified and trained in advanced strategic and military studies or defense planning. This is even more the case with the bulk of Indonesia's NGOs who has thus far been the tipping point in democratic or human rights movement. Ironically however, theoretically at least, the inclusion of various national and regional civil society organizations is a key prerequisite to strengthen the civilian defense community.²⁰ Moreover, retired military officers with the sufficient intellectual capacity to jumpstart the formation of such a civilian defense community is scarce, especially when most of them are more involved in business and politics.

With these in mind, several policy options are proposed here. First, Indonesian civilian academics should be given scholarships to study at defense academies in the United States, Europe, and Australia, in order to create a new generation of civilians with expertise in defense studies. Such civilian defense community could provide an alternative, outside-of-the-box thinking and consequently, would serve to further improved public debate and inform the policymaking community on defense and security issues. More importantly, they could also act as a checks-and-balances mechanism among key actors in the defense sector while facilitating communication between them.²¹

Second, the government should also re-educate the public regarding defense affairs so that NGOs, and to some extent, the public at large, could move away from their indiscriminate anti-military syn-

²⁰ For the concept of a 'civilian defense community', see Jorge I. Domínguez and Michael Shifter, *Constructing Democratic Governance in Latin America*, 2nd Edition (Baltimore, MD: The Johns Hopkins University Press, 2003), 73. On the original idea of 'security community', see Karl W. Deutsch, et al. *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience* (Princeton, NJ: Princeton University Press, 1957).

²¹ See Andrew Cottey, Timothy Edmunds, and Anthony Forster, "The Second Generation Problematic: Rethinking Democracy and Civil-Military Relations," *Armed Forces & Society*, 29, no. 1 (Fall 2002): 47.

drome.²² This could be done through various public events, ranging from seminars to training to trips to military facilities. This long-term policy initiative might see more civilians, and even perhaps the “cream of the nation” (those among the best) to be interested in defense affairs, or even enlisting themselves. More importantly,, archaic practices of media supervision and surveillance of critical NGOs should be abandoned. This would effectively opened up the political space needed for any kind of civilian defense community to expand and flourish as it serves its key function to inform the public on defense and security issues. The current discussion to pass a State Secrecy Bill that would classify almost all aspects of military life as state secrets would certainly kill off our nascent civilian defense community.²³

Once again, the role of the President is irreplaceable here. Not only would the President have the absolute authority over the TNI and could further control the parliament—at least enough to pass new funding for educational policies—but the President would also be in a unique position to oversee the entire government agencies and ministries that could and should be involved in such expansion of the civilian defense community. This could include the Departments of Education, Home Affairs, Defense, Foreign Affairs, and Finance. Put it differently, not only is the President required to have “the big picture” mindset, but he is also in a place to draw that picture. Based on our political system the President holds the authority to appoint ministers and direct policies—making these people accountable to him alone and not to the Parliament.

CONCLUSION

Despite commendable efforts to bring the military out of politics and business activities, without a long term strategy to revamp military education and strengthen a civilian defense community, the history of military interventions and conflicting civil-military relations will always repeat itself in the future. As one scholar has argued, “Generals who speak English, communicate regularly with international col-

²² See Evan A. Laksmana, “Going Beyond Cash, Guns, and Ballots,” *The Straits Times*, 9 May 2008.

²³ See Evan A. Laksmana, “Will the State Secrecy Bill suffocate the TNI?” *The Jakarta Post*, 27 August 2009.

leagues, read up-to-date contributions on defence studies, and have travelled widely are more likely to be interested in reforms than those who are inward-looking and isolated from international affairs."²⁴

Moreover, to solve our problem of repositioning the military in a new democratic setting, the role of the civilian defense community is also of crucial significance. These two variables—military education reform and civilian defense community—however are necessary conditions to create a future strategic and professional military, but they are by in itself are insufficient. In this respect, our preceding analysis has shown that the role of the President is indispensable should we want to move the process forward. Therefore, given the fact that President Yudhoyono was recently elected once again with an overwhelming mandate, one would be able to fully fathom therefore should he fail to at least consider exploring the policies proposed in this article.

²⁴ Mietzner, *The Politics of Military Reform*, 69

Indonesian Economy Withstands the Global Crisis

Pratiwi Kartika

GDP Growth

Amidst the global financial crisis when some countries in the region are experiencing, or are on the verge of, recession, Indonesia stands out as one of the better performing economies. During the second quarter 2009, the country's economy grew by 4% (y-o-y) and outperformed other economies in the region such as Malaysia, Singapore, Thailand, and Philippines which booked growth of -3.9%, -3.5%, -4.9%, and 1.2%, respectively. The Indonesian economy was among a few that recorded positive growth such as Vietnam, India, and China, which respectively grew at 4.5%, 6.1% and 7.9% in the last quarter.

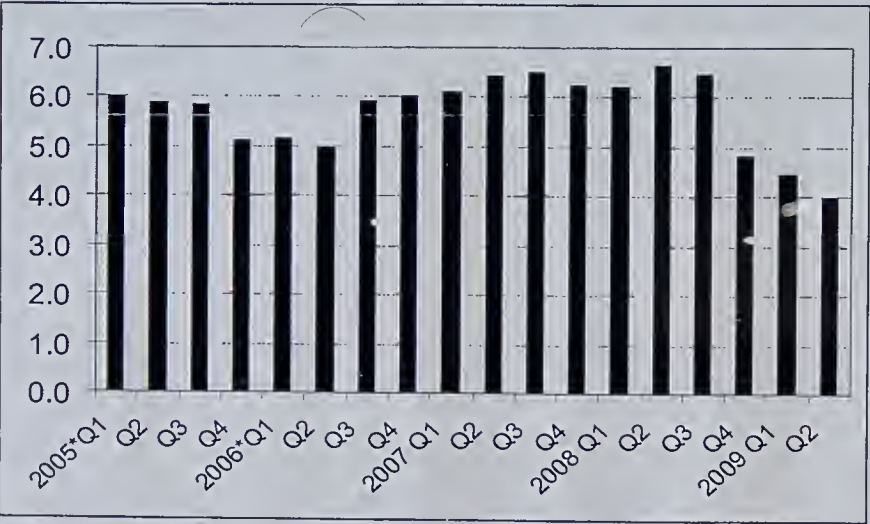
In the first quarter of 2009, Indonesia witnessed the negative impact of the global financial crisis on the local economy in terms of the performance of the real sector, export, financial market, and Rupiah exchange rate. However, the second quarter of 2009 has shown the reverse trend in those indicators. Furthermore, inflation in 2009 has been relatively low, which has exerted less pressure on monetary policy. This development has been attractive to investment, although there is some evidence of sluggish reduction in lending rate.

The growth of gross domestic product (GDP) in the second quarter was supported by robust private consumption and stronger government spending that offset the negative export growth. On a

yearly basis, in the second quarter GDP growth was contributed by a 4.8% (y-o-y) increase in private consumption, 17% (y-o-y) increase in government spending, and 2.7% (y-o-y) increase in investment. Export still slumped, with a 15.7% (y-o-y) decline as compared to the second quarter of 2008. Yet on a quarterly basis, export showed some improvement, growing by 7.4% (q-o-q) from the first quarter, supported by a growing demand from China and India. By industry, the transportation and communication sectors contributed the most to second quarter GDP growth, with a 17.5 (y-o-y) growth, followed by 15.4% growth in utilities (electricity, gas and water).

Looking forward, the government predicted a relatively high GDP growth of 4 to 4.5% this year. This prediction is likely going to be attained in view of the fact that GDP could grow by 4% in the second quarter 2009. Moreover, the presidential election has boosted the economy through its campaign expenditure. Fiscal stimulus could further enhance the economy in the second half of 2009.

Figure 1 Year-on-year Indonesia's GDP Growth, 2005 – Q2-2009, (%)



Source: CEIC Database

Table 1 GDP Growth and Sources of GDP Growth by Expenditure, (%)

	2008 Q1	Q2	Q3	Q4	2009 Q1	Q2
<i>Growth (year-on-year)</i>						
Agriculture	5.9	5.7	3.6	3.6	4.8	2.4
Mining and Quarrying	1.6	-0.4	2.1	2.2	2.2	2.4
Manufacturing Industries	4.3	4.2	4.3	1.9	1.6	1.5
Electricity, gas, and water	12.3	11.8	10.4	9.1	11.4	15.4
Construction	8.0	8.1	7.6	5.7	6.3	6.4
Trade, hotel, and restaurant	6.9	8.3	8.5	5.1	0.6	-0.1
Transportation and communication	18.2	17.9	15.7	13.5	16.7	17.5
Financial, ownership and business	8.3	8.7	8.6	7.4	6.3	5.3
Services	5.9	6.7	7.2	6.0	6.8	7.4
Gross Domestic Product	6.2	6.6	6.4	4.8	4.4	4.0
<i>Source of GDP Growth</i>						
Agriculture	0.8	0.8	0.5	0.4	0.7	0.3
Mining and Quarrying	-0.1	0.0	0.2	0.2	0.2	0.2
Manufacturing Industries	1.2	1.2	1.2	0.5	0.4	0.4
Electricity, gas, and water	0.1	0.1	0.1	0.1	0.1	0.1
Construction	0.5	0.5	0.5	0.4	0.4	0.4
Trade, hotel, and restaurant	1.2	1.4	1.5	0.9	0.1	0.0
Transportation and communication	1.3	1.3	1.1	1.1	1.3	1.4
Financial, ownership and business	0.8	0.8	0.8	0.7	0.6	0.5
Services	0.5	0.6	0.6	0.6	0.6	0.7
Gross Domestic Product	6.2	6.6	6.4	4.8	4.4	4.0

Source: CEIC Database, Author's calculation

Table 2 GDP Growth and Sources of GDP Growth by Sector, (%)

	2008 Q1	Q2	Q3	Q4	2009 Q1	Q2
<i>Growth (year-on-year)</i>						
Consumption	5.5	5.5	6.3	6.3	7.2	6.3
Household consumption	5.7	5.5	5.3	4.7	5.8	4.8
Government consumption	3.6	5.3	14.1	16.4	19.2	17.0
Gross Fixed Capital Formation	14.5	12.8	11.5	9.8	3.5	2.7
Change in stock	-408.2	-68.7	-65.4	-60.8	-146.1	-1.3
Export of goods and services	14.2	12.9	11.1	2.4	-19.1	-15.7
Import of goods and services	18.0	16.1	11.0	-3.3	-24.1	-23.9
Gross Domestic Product	6.2	6.6	6.4	4.8	4.4	4.0
<i>Source of GDP Growth</i>						
Consumption	3.5	3.6	4.0	4.3	4.6	4.0
Household consumption	3.3	3.2	3.0	2.8	3.4	2.7
Government consumption	0.2	0.4	1.0	1.5	1.2	1.3
Gross Fixed Capital Formation	3.1	2.8	2.6	2.3	0.8	0.6
Export of goods and services	6.7	6.2	5.2	1.2	-9.5	-8.0
Import of goods and services						
Gross Domestic Product	6.2	6.6	6.4	4.8	4.4	4.0

Source: CEIC Database, Author's calculation

Exports and Imports

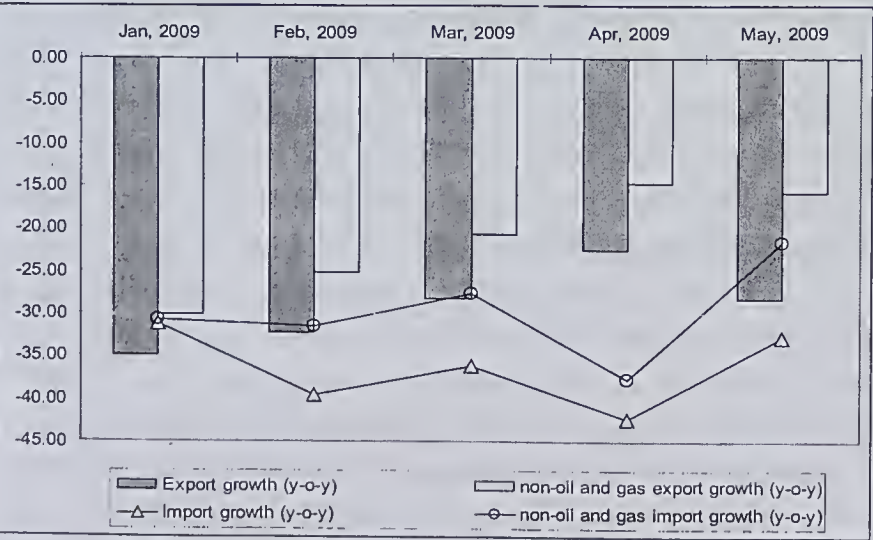
As the current global economic crisis slows demand and pushes down the price of key commodities, Indonesia's exports have continuously declined since October 2008. Export fell to its lowest level in

22 years, reaching USD 7.13 billion in February 2009. For the first 5 months of 2009, export dropped by 29.2% from the same period last year. The export reduction was caused by the drop in both oil-and-gas and non oil-and-gas exports. The share of oil-and-gas in total export has declined from 22.7% during the period of January-April 2008 to 14% during the same period this year. This is partly because of the soaring oil price in the beginning 2008.

Meanwhile, imports started to free fall in November 2008, somewhat lagging behind exports. Moving in the same direction as exports, imports in January-May 2009 were also down by 36.6% on a yearly basis. As for the structure of imports, import values of raw materials decreased by almost 43% whereas import values of consumption and capital goods remained unchanged. Again, this confirms the unfavorable impact of the global recession on the Indonesian economy. The continued drop in raw material import implies a decline in industrial output as export demand falters.

Nevertheless, although exports and imports have not recovered from the slump, their performance showed an increasing trend since the beginning of this year (Figure 2). The reason for this lethargic recovery lies in the fact that Japan, US, and Singapore, Indonesia’s top three export destinations are still in recession.

Figure 2 Export and Import Growths, January – May 2009, (%)



Source: BPS, Author’s calculation

Monetary Development

Exchange Rate

In the first two months of 2009 Indonesia's exchange rate and Indonesia's Composite Stock Price Index (IDX) weakened significantly due to the global crisis. However, this trend is followed by a recovery starting from early March. Rupiah appreciated against USD from Rp 12,040 per dollar on March 10 to Rp 9,985 on June 8. IDX also strengthened from 1,256 on March 2 to 2,109 on June 10.

The Rupiah to US dollar exchange rate was under pressure for the whole of January and February. Two factors contributed to this, namely the worry about the impact of the global economic crisis on Indonesia's domestic market and the slightly higher demand for US dollar by local businesses. The Rupiah continued to weaken from Rp 10,950 per US dollar in the beginning of the month to almost Rp12,000 per US dollar at the end of February. In addition to the above two factors, there was a tendency that investors preferred to keep US dollars, considered to be safer than the Rupiah.

The central bank, however, persistently guarded the market by continuously taking actions to monitor and minimize volatility of the exchange rate, seemingly in order not to slide further than Rp. 12,000/USD. This action is considered to be important for providing some stability to the business sector. The efforts by the central bank have cost the country around USD10 billion in foreign reserves from July 2008 to February 2009.

In line with the weakening Rupiah, Indonesian shares prices continued to drop in January and February due to the falling commodity prices and on the concern of falling corporate earnings. Since the beginning of January IDX plunged most of the days and hit its lowest level of 1,285 on the last day of February. The good news on the slash in fuel and electricity prices seemed to have little impact on the upward movement of the index, because the global and regional negative sentiments were dominant. The negative market sentiment was also caused by the slowing down of Indonesia's economic growth in the fourth quarter of 2008.

From March until mid July, Rupiah was generally on an upward trend, thanks to the market's positive sentiments both locally and globally. Several contributing factors may be the peaceful general elections, both the legislative on April 9 and the presidential on July 8, an indication of better national and international economic condition than the public's expectation of the current recession, which emanated from the announcement of fairly good financial reports of financial institutions in Indonesia and US, as well as continuous cut of BI rate since December 2008.

Similar to the Rupiah, Indonesia share prices also strengthened from March to mid June. The strengthening was led by banking, telecoms and commodity-related stocks for the reason that they were undervalued. The positive sentiment came from the report of the strong performance of most public companies and the easing inflationary pressures during the first half of 2009. Another factor was probably the resurgence of oil price which has boosted the demand for stock of mining and plantation firms.

However, during the month of June, investors seemed to become more cautious. As a result, at the end of June, Rupiah depreciated by 2.5% and IDX decreased by 4%. The Rupiah might have been overvalued while stocks might have been oversubscribed. Therefore, the market wants to wait for further signals from macroeconomic data such as GDP growth for the second quarter of 2009 and on the political condition i.e. the result of the presidential election. Fortunately, in July, stock index and Rupiah exchange rate appeared to be stable following the initial results of the presidential election showing the landslide victory of the incumbent, which meant that there was no run off election. The Jakarta terrorist bombing on July 17 affected the financial market only slightly, compared to the impact of previous bombings in 2000, 2003, 2004, and 2005.

Inflation

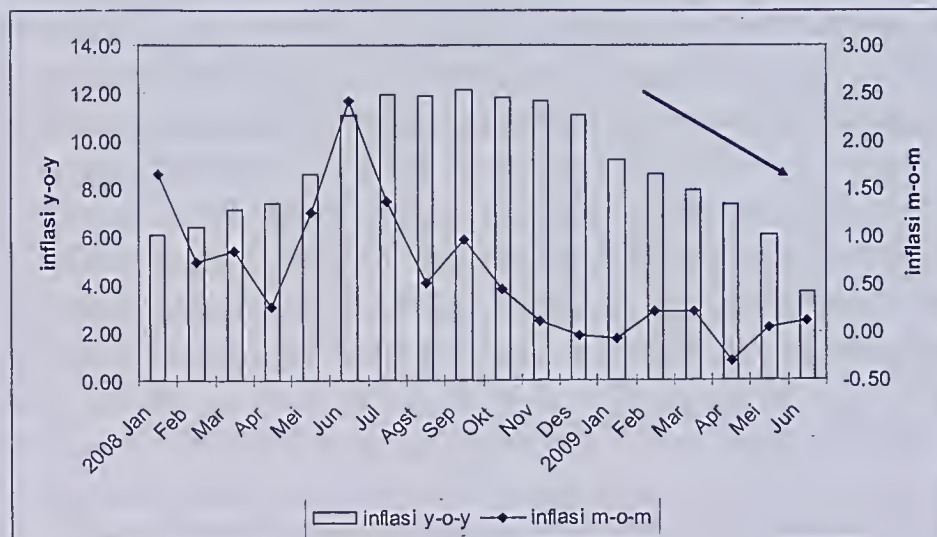
After the deflation of 0.04% (m-o-m) in December 2008, inflation continued to ease in the first semester of 2009, resulting in leading the calendar year inflation of merely 0.2% because of the slower pace of the economy and other factors that emerged during the period. In January, the inflation figure provided a good start with -0.07% (m-o-m),

resulting in an annual inflation rate of 9.17% (y-o-y). The drop in fuel oil price and commodity prices contributed to this as reflected in the 2.5% decline in prices of transportation, communication and financial services

The consumer price increased only slightly in February and March, by 0.2% (m-o-m) in each of those months; in April prices further dropped by 0.3% before increasing again by a mere 0.04% in May. This has led to decreasing inflation rates of 8.6%, 7.9%, 7.3%, and 6% for those consecutive months. Political campaign activities during those months exerted some inflationary pressures on food and clothing products while a relatively lethargic economic situation and slow-moving rise in world oil price kept prices under control.

Consistent with this year's trend, inflationary pressure in June remained weak; it recorded a minor price increase of only 0.11%, which led to a year-on-year inflation of 3.7%, the lowest annual inflation rate since the 1998 economic crisis. As for the next few months, we expect the inflation to be substantially lower, and hence, we are confident that the annual inflation in this year could be within the government's target between 5.5% and 6%.

Figure 3 Inflation Rate, 2008 – First Half of 2009, (%)



Source: BPS

Interest Rate and Credit

The slowing down of annual inflation provided some room for the central bank to further cut interest rate and this was, of course, an attempt to keep the economy moving in the face of global financial crisis – to increase domestic consumption and, at the same time, to try to increase the flow of credit for investment. Bank Indonesia (BI) cut its key interest rates (i.e., the BI rate) for eight consecutive months from 9.5% in November 2008 to 6.75% in July 2009.

The banks' interest rate is expected to follow the lower BI rate with some lags, owing to presumably high-levels of rates committed by the banks to their depositors which still take some time to mature. However, to the disappointment of the business sector, the lowering of bank lending rate has been much slower than expected. In May 2009, the commercial banks' credit interest rate remained as high as 14.7% and 13.9% per annum for working capital and investment, respectively. Lack of liquidity in the financial system, combined with currently quite high business risk in the country seems to have prevented banks from translating an immediate drop in their lending rates.

The relatively high credit interest rate jibes with the data of annual credit growth rate for working capital provided by commercial banks, which showed substantial reduction from 29.2% in January 2009 to 14.8% in May 2009. In fact, it seems that banks' loans had been stagnant during the period under consideration. Between August 2008 and May 2009, the Loan to Deposit Ratio of commercial banks shrank from 79% to 73%. Banks have been accused of investing large proportions of their third-party funds in government bonds rather than providing loans to the private sector.

Monetary Outlook 2009

The central bank is expected to operate in a low inflation environment in the next couple of months or even for the whole year. The hike in world oil price has not contributed significantly to domestic inflationary pressures. Although Indonesian crude oil price has increased significantly since January this year to USD 58/barrel in May, it is still much lower than USD 125/barrel recorded in May 2008. In spite of the fact that the central bank is quite careful in keeping the interest-

rate differential¹ competitive for Indonesia, the relationship between interest rate and exchange rate seems to have become weak recently. Therefore, there is confidence in the decline in the commercial banks' interest rate following the decline in BI rate.

Trade Issues

ASEAN-Australia-New Zealand Free Trade Agreement (AANZ-FTA): Some Benefits for Indonesia

On February 27, 2009, economic ministers from ASEAN countries, Australia and New Zealand signed the ASEAN – Australia – New Zealand Free Trade Agreement (AANZ-FTA). This is a milestone for ASEAN, mostly for the reason that it was for the first time that ASEAN negotiated a comprehensive economic agreement as part of a 'single undertaking'. This means that the agreement simultaneously spans goods, services and investment, as well as the other areas covered in a modern FTA such as intellectual property, safeguard, competition policy, e-commerce. The agreement is expected to take effect in October 2009.

The economic and trade profile of ASEAN, Australia and New Zealand are complementary to each other, rather than competing, and it is the most powerful driver for realizing the AANZ-FTA. Especially for Indonesia, Australia and New Zealand are potential markets for textile, footwear, automotive and auto-parts products. According to balance of trade data, Indonesia has a surplus in its trade with Australia of USD 188.26 million (January – October 2008) and recorded a deficit of USD 149.46 million in its trade with New Zealand for the same period. In addition, during the period 2000-07, direct investment flowing from Australia to Indonesia was relatively small, about USD 253.26 million in average, or about 1% of total Indonesia's approved foreign direct investment (FDI). This suggests plenty of room to increase the FDI from Australia and New Zealand, and indeed the Indonesian government hopes that the agreement could stimulate this.

¹ The difference of real interest rate in Indonesia with that in other countries; real interest rate is defined broadly as the nominal interest rate minus inflation.

According to the AANZ-FTA agreement, 93% of Indonesia's export to Australia in terms of value (USD 2.4 billion) faces zero tariff with the entry into force of the agreement in October 2009 (see Table 4 for the detail). Australia's export to Indonesia will receive the same treatment for such products like aluminum, cotton, fodder, and salt. The extent of 'zero-tariff' coverage in terms of the trade value is increased to 98.1% (USD 2.6 billion) in 2010. Moving forward, in 2020, all Indonesian products will face zero tariffs according to the agreement. Especially for textile and apparel, tariff decrease will accelerate in 2009, 2010 or 2015; the textile entry tariff to Australia today is still between 5 and 17.5%. Indonesia also gets benefit from tariff reduction of some 25 automotive products, and this is a relatively much faster and more liberal trade agreement compared to the agreement that Australia has with Malaysia and Thailand.

Table 4 New Zealand and Australia Commitments – Goods

Category	Australia				New Zealand			
	# Tariff Lines	% Tariff Lines	Import from Indonesia (2005) in US\$ 000	% Import from Indonesia	# Tariff Lines	% Tariff Lines	Import from Indonesia (2005) in US\$ 000	% Import from Indonesia
Normal track (NT)	5620	91.77	2,596,649	98.10	6516	90.02	334,898,713	81.13
Elimination on Date to Entry into Force	4940	80.67	2,461,305	92.98	5778	79.83	325,250,783	78.79
Elimination by 2010	680	11.10	135,344	5.11	351	4.85	4,805,140	1.16
Elimination by 2012					387	4.86	4,842,790	1.17
Sensitive Track (ST)	504	8.23	50,408	1.90	722	9.98	77,656,254	18.81
Elimination by 2015	311	5.08	27,670	1.05			231,286	0.06
Elimination by 2015 or later	193	3.15	22,738	0.86				
Specific rate					194			
Total Elimination (NT+ST)	6124	100	2,647,057	100	7238	100	412,786,253	100

Source: Ministry of Trade of the Republic of Indonesia

Meanwhile, the zero tariff agreement on 78.8% of Indonesian export to New Zealand in terms of value (USD 325 million) increases to 79.9% in 2010, and will further increase to 81.1% in 2012. Tariff on textile and apparel products will be eliminated in 2017 and 2018.

Indonesia's sensitive sectors, such as livestock products and milk will be opened in the end of the period of the agreement (2017–2020). To improve Indonesia's productivity and competitiveness, especially in those sectors, the FTA provides further support for scoping studies and capacity building programs, such as capacity building on food safety certification, standard for forest product, and pest and disease diagnostic networking.

In addition, bilaterally Australia and Indonesia agree to consider measures such as a more simple procedure of working permit, capacity building for automotive industry, food certification, welders training and certification and English training for Indonesian. The Indonesia - New Zealand bilateral agreement is more detailed and comprehensive; it includes, among others, a working holiday scheme for 100 workers, non-labor market access (100 chefs), capacity building for milk and livestock industries.

While the agreement seems to be quite liberalizing, there are still some complaints with regard to the existence of some non-tariff barriers, such as the high quality of products to meet Australian and New Zealand standards, often higher than international standards.

Table 5 Indonesia Commitments – Goods

Category	Indonesia					
	# Tariff Lines	% Tariff Lines	Import from Australia in US\$ 000	% Import from Australia	Import from New Zealand in US\$ 000	% Import from New Zealand
Normal Track (NT)	10,069	90	2,184,835	87.55	169,534	64.47
NT (2009-2014)	9,510	85	2,168,530	86.90	169,335	64.39
NT2 (2015)	559	5	16,304	0.65	199	0.08
Sensitive Track	1,090	10	310,704	12.45	93,449	35.53
ST1 (2010-2014)	651	6	222,455	8.91	61,545	23.40
Elimination	324	3	174,960	7.03	58,250	22.15
End Tariff 3.75-5%	327	3	41,933	1.68	3,281	1.25
ST2	439	4	88,249	3.54	31,904	12.13
Elimination (2020)	4	0	30,358	1.22	31,426	11.95
Tariff Capping at 50%	55	0	48	0.00	0	0.00
MOP 25%	2	0	3,383	0.14	0	0.00
MOP 50%	261	2	43,367	174.00	152	0.06
Exclusion	117	1	41,449	1.66	31,752	12.07
Elimination (NT1+2, ST1, ST2 Elimination)	10,397	93	2,390,153	95.90	259,212	98.57
Total	11,159	100	2,495,539	100	262,984	100

Source: Ministry of Trade of the Republic of Indonesia

APEC in 2010 and Beyond: An Agenda for East Asia

Hadi Soesastro

INTRODUCTION

For East Asia, institution building for peace and development has to be pursued on two parallel tracks. One track concerns the development of institutional arrangements involving East Asian countries. The other track involves the wider region that is represented by APEC, the Asia Pacific Economic Cooperation. East Asia is the core of APEC and only a strong East Asia can produce a strong APEC. For strategic reasons, the strengthening of APEC should be seen as East Asia's main agenda.

APEC should be seen by East Asians as the best answer to the challenges faced by the wider Asia Pacific region. Japan will preside over APEC in 2010 when this institution enters its third decade of existence. This should usher in a new era for APEC.

APEC AND REGIONAL ORDER

APEC is a major institution involving 21 economies of East Asia, North America, South America, and Russia. The one thing they have in common is a Pacific coastline. Nowhere else in the world will one find a grouping more diverse than APEC.

The immediate question that would arise when looking back at APEC is what has brought those 21 countries together to form and

build this regional institution. APEC began with a meeting in Canberra (Australia) in November 1989 amongst ministers from 12 countries: five developed countries (Australia, Canada, Japan, New Zealand and the United States of America) and seven developing countries (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand).

These 12 countries agreed to embark on a process of regional economic cooperation. It was unprecedented for developed and developing countries to agree on forming an organisation for economic cooperation on the basis of equality. APEC is unlike the kind of engagement between these two groups of countries as pursued by the EU through the Lomé Convention and its Association Agreements or by the United States in the form of the Caribbean Basin Initiative. Cooperation between developed and developing countries in APEC has become one of the main characteristics of the “new regionalism”. Until then regionalism was pursued only within a group of countries with similar levels of development, and perhaps more importantly, among countries with the similar political and social values or ideologies (like-minded countries).

Table 1. New vs Old Regionalism

	New	Old
Economic Arrangement		
- Level of Development	Varies widely	Similar one to another
- Orientation	Outward oriented (open regionalism)	Inward oriented (focused on internal/domestic markets)
Security Arrangements	-Non-like-minded countries; -Incorporate sources to face an uncertainty	-Like-minded countries; - Create a bloc of adversary

APEC decided to become more inclusive. Its membership first expanded in 1991 with the inclusion of “the three China’s”: The People’s Republic of China, Taiwan as “Chinese Taipei”, and Hong Kong. Since APEC’s main focus is economic cooperation, the group insisted that the other two “Chinese” economies have to be included given their

significant economic position in the region. Mainland China concurred with the condition that those two entities be accepted as "economies" and not as countries. This did not create a major issue for APEC since all its original members have adopted a One-China policy. To this day, APEC is the only regional institution that involves these three economies. It has to be admitted, however, that the inclusion of Chinese Taipei has imposed some limitations on this institution to move into certain areas of cooperation.

Two years down the road, Papua New Guinea and Mexico were accepted as members, followed by Chile in the following year. In 1998, nine years after its inception, APEC admitted Russia, Vietnam and Peru as the last three members before declaring a moratorium of membership. This decision was taken to enable the organisation to consolidate.

It was the end of the Cold War that paved the way for the creation of an inclusive regional organisation. The meeting in Canberra in 1989 was timely as countries in the region began to think about the post-Cold War regional architecture. East Asians saw the need for a regional institution in the wider region as none existed beyond the one in the Southeast Asian sub-region, namely the Association of Southeast Asian Nations (ASEAN) that was established in 1967. A non-governmental process to promote Pacific economic cooperation was formalized following a series of meetings in Canberra, Bangkok and Bali from 1980 to 1983. These activities of the PECC (Pacific Economic Cooperation Conference, later Pacific Economic Cooperation Council) laid down the key parameters for regional cooperation that helped create confidence on the part of the developing countries to participate in this regional process. This has paved the way for the creation of APEC.

The United States was brought into this process in recognition of her large and deep strategic footprint in East Asia as a Pacific power. The term Asia Pacific (which is different from Pacific Asia, i.e. the Asian side of the Pacific) has been adopted to denote the integral part of the United States in this emerging region. The trans-Pacific nature of APEC is another key dimension of this institution and is embedded in the idea of this new region. It is an idea formed by the reality of growing economic interdependence that has this strong strategic underpinning. East Asia's peace and security are embedded in those of the wider Asia Pacific region.

Since its inception, APEC is regarded as an important pillar of a regional order or regional architecture for promoting peace and development through economic cooperation. The ASEAN Regional Forum (ARF), established in 1994 by ASEAN, to include all "dialogue partners" of ASEAN and major powers with a footprint in East Asia, was thought to become the embryo for an institution that would form the other pillar of a regional order for promoting peace and development, namely through political-security cooperation. The ARF was inspired by the OSCE (the Organisation for Security and Co-operation in Europe).

These two multilateral processes are meant to re-enforce each other. Their membership is not the same, resulting in a variable geometry of the institutions for promoting a regional order. This is unavoidable. There also are significant asymmetries between these two institutions or processes. APEC has an annual Summit that has become the highest policy-making body in the institution, whereas in the ARF this role rests with the ministerial meetings. Perhaps the more important difference is that the ARF is an ASEAN-driven process, whereas in APEC the pioneering status of ASEAN in regional institution building is expressed in its privilege to alternately chair APEC. This has been the case during APEC's first twenty years.

ASEAN's centrality in the ARF, it has been argued, is largely by default. The initiative to launch this process could only have come from ASEAN, being the "least objectionable party" in the group. A more visible and active role by the stronger members, Japan, for instance, will likely be objected to by China, and vice versa. This also explains why in the other East Asian regional institutions, the ASEAN Plus Three (APT) and the East Asia Summit (EAS), ASEAN also occupies the driver's seat. ASEAN has assumed this role because it clearly sees the importance of regional processes that help strengthen confidence building engage among Japan, China, and other major countries.

The ARF is a novel multilateral process for the region as security arrangements until then rested largely on a set of hub-and-spoke alliances. The ARF is not meant to create an arrangement to oppose an adversary. Rather, it tries to "incorporate" the main elements of uncertainty for the region's security, such as the US and its security commitments towards the region or China and its potential military built-up, in a multilateral confidence-building process.

Although APEC is not driven by ASEAN in terms of its organisational processes, its institutional design has been greatly influenced by ASEAN's. APEC is not a binding organisation, and it is supported by a thin institution. The institutional process is driven by the annual leaders meeting (the APEC summits), meetings of ministers and senior officials, as well as meetings of various working groups involving different stakeholders. This weak institutional process is supposed to be overcome by the strong motivation to create a "regional community."

Over the years the momentum for "community building" has had its ups and downs. These have been caused by factors that are both internal and external to the organisation. Strengthening community building efforts is the key challenge for the region because of its critical importance to the creation of a regional order in the Asia Pacific. This is dictated by the reality of the region's great diversities.

APEC AND COMMUNITY BUILDING

APEC's agenda is designed to accommodate the interests of its diverse members. It consists of the following three main elements: (a) trade and investment facilitation; (b) trade and investment liberalization; and (c) economic and technical cooperation. This agenda and the modalities for pursuing it have developed through a strong process during the period of 1993 to 1996. This began with the first APEC Summit at Blake Island (Seattle, USA) that produced the APEC Leaders Economic Vision, followed by the Bogor Goals (of free and open trade and investment in the region), the Osaka Action Agenda (OAA), and the Manila Action Plan for APEC (MAPA).

The speed with which a vision was turned into action was unprecedented. That was indeed APEC's heyday. The Bogor Goals are to be achieved through a process called "concerted unilateral liberalization" in which member economies submit their Individual Action Plans (IAPs). It is also remarkable that no single APEC country has since failed to produce the yearly IAP. The IAPs are designed to produce a kind of "peer pressure" that will result in a process of progressive "unilateral liberalization", consistent with APEC's "open regionalism", which is the other key characteristic of the "new regionalism" (Table 1).

Studies to assess APEC IAPs, including those by Professors Ippei Yamazawa and Shujiro Urata, have concluded that the results have been less spectacular than expected.¹ Others have questioned the value-added of the IAPs, but many felt that APEC could not abandon this modality. Concerted unilateralism is an imperative for a region with such diverse members as the Asia Pacific. As APEC is a voluntary organisation, there is no other viable alternative to this modality. Therefore, ways must be found to further strengthen this process.

Efforts have been taken since 2000 to improve the IAP peer review process. Also, the e-IAP initiative was launched to allow for easy access by the public to the IAPs. It is aimed in particular at assisting the business community to plan with more certainty and to benefit more quickly from the planned actions. In 2001 in order to develop more rigorous monitoring and assessment, the so-called IAP Review Teams were formed. They were subsequently assisted by independent experts.

The APEC Shanghai Accord of 2001 identified the need to place the Bogor Goals within the context of an updated and expanded vision that addressed both Trade and Investment Liberalization and Facilitation (TILF) and Economic and Technical Cooperation (ECOTECH) "in an integrated manner to maximize the benefits for all economies in the region." In clarifying the roadmap to Bogor, the Shanghai Accord adopted a "pathfinder approach" in advancing selected APEC initiatives towards achieving the Bogor Goals. It also identified concrete actions and measures to reduce transaction costs by 5% across the APEC region over 5 years.

Of significance was the effort by APEC to undertake a Mid-Term Stock Take (MTST) towards achieving the Bogor Goals. Although it was recognised that the trade and investment policy landscape has changed considerably, it was concluded that the Bogor Goals remain relevant as they were in 1994. However, it was also proposed that the implementation of APEC initiatives needs to be supported by more effective, targeted and demand-driven capacity building. In order to further drive growth in the region, APEC's agenda was broadened to address capacity building strategies to assist individual economies in reaching APEC targets. The Busan Roadmap and the Busan Business Agenda were introduced as a pragmatic manifestation of APEC's ef-

forts to achieve its goals in a new environment. The MTST also noted an increase in the importance of behind-the-border measures for APEC.

In 2004 issues of behind-the-border measures were brought to the attention of the highest policy-making level in APEC. This led to the issuance of the Leaders Agenda to Implement Structural Reform (LAISR). But this agenda has not been worked out into a modality of implementation that could attract the attention and involvement of relevant stakeholders as was the case with the implementation of the Bogor Goals. A renewed push needs to be given to this initiative in view of the critical importance of structural reform for regional economic integration.

Community building implies that important attention be given to cooperation in the area of capacity building. Several APEC initiatives in this area, including the human resources development initiatives agreed on in Kuala Lumpur (1998) and in Brunei Darussalam (2000) have not seen the light of the day beyond the Summit Declarations. This is in part due to the nature of the APEC process in which the hosts of the annual meeting are always compelled to come up with new initiatives. Another reason for this could be the weak modality in APEC to implement Economic and Technical Cooperation (ECOTECH).

Attempts over the year to strengthen the ECOTECH agenda have not produced success. As globalisation proceeds, countries in region are faced with increased pressures on many fronts, including in the social field. The Asian financial crisis of a decade ago and the recent global financial and economic crisis have clearly brought this out to the surface. Mitigating and adapting to climate change pose another major challenge, especially for developing countries in the region. All these are the areas in which APEC could make a contribution to enhancing the capacity of its members.

In reality, community building in East Asia will proceed at a faster pace than in the wider AsiaPacific region, but the latter will help craft a richer agenda for the former.

APEC AND GLOBAL ECONOMIC GOVERNANCE

Since its inception, APEC has given great importance to the contribution that the group can make to shaping global economic gover-

nance, particularly to strengthening the global trade regime. It has been argued that APEC's trade initiative as manifested in the Bogor Goals has contributed to the conclusion of the Uruguay Round. However, APEC has not been able to come up with a similar regional initiative that can contribute to the successful conclusion of the Doha Round.

Several bilateral free trade agreements (FTAs) have been initiated in the hope that a kind of competitive liberalization will result and in turn brings about global free trade. This has yet to materialize. What appears to be the case is that the main stumbling blocks to reaching agreement at the multilateral level also cannot easily be resolved at the regional, sub-regional or bilateral level. In addition, this process has left many countries that have lower capacities totally out in the cold.

APEC is currently at a crossroads. It has to bring back its attractiveness to its member governments and to the public at large. APEC is in need of a new major agenda. In addition to pursuing its community building agenda, APEC has an increased role to play in the shaping of global economic governance. It can do so by redesigning its role in the regional institutional architecture.

The Asia Pacific region is fast becoming a core area, if not the core area, in the international system. A new regional architecture is required to help frame the cooperation with the Asia-Pacific core as well as shape regional strategies towards global issues.² A recent PECC task force report on "Regional Institutional Architecture" suggests: 'So long as the multilateral architecture fails to incorporate Asian economies in a manner central to systemic issues, these economies will remain secondary players on global issues and sometimes even regional issues. The world cannot afford this.'³

The need to reassess Asia Pacific's regional institutional architecture has been under discussion at PECC since 2005. The relevance of this exercise was underlined by Australia's Prime Minister, Kevin Rudd, when he suggested a new vision for an Asia Pacific Community.

The PECC report proposed four basic functions that a regional architecture needs to address. These are: (a) to provide a collective forum for regional leaders to address the full range of critical regional and global issues that affect them all; (b) to strengthen and deal effectively with the consequences of economic integration, particularly its trade

and investment dimensions; (c) to address issues of political change and security; and, (d) to provide a basis for educating the public and opinion leaders about the region.

None of the existing institutions in the region fulfills these needs, as Kevin Rudd also recognised. That does not mean that all functions need to be served by the one organisation. Accepting variable geometry would appear to be a practical way forward. The PECC report argues for having institutions operating at the sub-regional level, particularly in East Asia where there is a legacy of historical suspicion and the need for an intensive form of community building.

There is no need to reinvent such key existing institutions like APEC and the ARF to deal with regional economic and political security issues, respectively, but they need to be fundamentally reformed.

A renewed drive for reform will come from a clear understanding of the need to have a regional forum that can address the full range of regional and global issues affecting all regional countries. These include issues that might arise in APEC or ARF. It also suggests that there could be a need for a new Heads of Government meeting, perhaps an informal Asia-Pacific Summit, a forum that cannot be too large, because that would make it ineffective, but needs to be broad enough to make it representative. It would not need its own secretariat. APEC and ARF would develop issues for consideration by this new Asia Pacific Summit.

There will be less sensitivity in creating an 'informal' Summit involving a limited number of countries, the 'larger' players in Asia and the Pacific. The most practical proposal, and most logical, to date is that this Summit should include the Asia Pacific members of the G20. Such meetings need not entail creating an additional institution as G20 leaders are likely to continue to meet beyond the current financial crisis. This should be an important consideration in making the next steps towards realizing the Asia Pacific vision.

The broader strategic picture underlying this proposal is the recognition that global economic governance after the global financial crisis, which is led by the G20 as its steering committee, needs to be supported by effective regional efforts. Regional effort helps strengthen the G20 process itself and at the same time helps ensure that decisions made by the G20 will have the support they need globally, through

'regional representatives.' It is through the existing regional structures like APEC and also the ASEAN Plus Three or the East Asia Summit that even the smaller countries can channel their aspirations.

EAST ASIA'S ROLE

East Asia can lead the way. The East Asian members of the G20 can initiate the processes and subsequently invite the involvement of other G20 members from the APEC region plus India, who is already a member of the East Asia Summit. This G10 of the Asia Pacific would include Australia, Canada, China, India, Indonesia, Japan, Korea, Mexico, Russia, and the United States.

This G10 represents half of the members of G20 and will be able not only to make a stronger appeal at the global level but more importantly, it can make more effective contribution to the better functioning of global economic governance. This G10 needs to be integrated with the reformed and strengthened APEC and ARF processes. There is opportunity to take this proposal up in APEC, especially since the three consecutive APEC chairs, Singapore, Japan, and the United States, are capable of producing purposeful and coordinated processes under strong leaderships.

This informal G10 structure is to strengthen the connection between the region's existing institutions and the emerging global steering committee. This will ensure that the existing regional institutions—APEC as well as the East Asian institutions—will contribute not only to maintaining regional peace and development but also to promoting global peace and development.

If APEC did not exist, it is in the interest of regional countries to invent this institution. The time may have come for APEC to strengthen its institutional structure. East Asia's role in this regard is critical.